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NEWS SUMMARY

GENERAL BUSINESS

Fire in crowded store kills 10

At least 10 people, six men and four women, died as fire swept through a crowded Woolworth store in Piccadilly, Manchester. About 50 people, including four firemen, were taken to hospital. Firemen rescued at least 20 people from the roof and windows of the four-storey building. Women trapped behind barred windows screamed for help as thick smoke billowed around them and firemen fought to loosen the fire.

The fire started at lunchtime in the store's furniture department and spread rapidly. More than 100 firemen were needed throughout the afternoon to bring the blaze under control.

Equities lose 9.5; sterling off 1.05c

● **EQUITIES** opened cautiously and buyers were even more reluctant following publication of the wholesale price indices.

FT 30-share index fell 9.5 points to 549.1, partly because six of the leaders went ex-dividend.

● **GLITS** were unsettled by the drop in sterling and the adverse price indices, shorts losing up to 1 and longs up to 1 or more. The Government Securities Index lost 0.54 to 75.37.

● **STERLING** closed 1.05c lower at \$2.0675, its trade-weighted index dropping to 66.8 (67.3). The dollar's trade-weighted index also fell to 85.9 from 86.4.

● **GOLD** fell \$1 to \$247 1/2 in London.

● **WALL STREET** was 5.20 lower at 328.22 near the close.

● **NATIONAL ASSOCIATION** of Pension Funds has set up a special committee to persuade Lloyd's Bank to change its voting structure to help large shareholders. **Back Page**

● **URENCO**, the UK-German-Dutch consortium, has signed a new contract worth nearly \$400m for enriching uranium by the gas centrifuge process. **Back Page**

● **BRITISH AEROSPACE**, the state-owned aircraft group, seized a trading profit of \$79m last year, slightly above the previous \$75m. Net profit remained at \$29m. **Page 8**

● **STOCK EXCHANGE** general service charges, based on 2 per cent of members' revenue, fell to \$5.3m (\$5.6m) last year while costs rose by 13 per cent. **Page 8**

● **RIGHT-WING** gains in Amalgamated Union of Engineering Workers elections have left moderates in complete control of the executive for the first time in many years. **Back Page**

● **POST OFFICE** has agreed to hold further talks with union leaders on efficiency clauses following the rejection of a 12 per cent pay offer. **Page 11**

● **THE EEC** has agreed to ratify the proposed UN liner code aimed at guaranteeing developing countries a significant bigger share of the world non-bulk cargo shipping. **Page 2**

● **EGYPT** may have to revise its arrangements for raising \$300m on the Eurocurrency market because of Arab hostility to the peace treaty with Israel. **Page 6**

Thorpe trial opens at Old Bailey

The trial opened at the Old Bailey of former Liberal Party leader Jeremy Thorpe and three other men accused of conspiring to murder ex-male model Norman Scott.

Mr. Thorpe was further accused of luring David Holmes to murder Scott. All four pleaded not guilty and the day was taken up with the empanelling of the jury of nine men and three women and with legal submissions.

Bomb at printers

Frankfurt police defused a home-made time bomb containing granite chips outside the Turkish printing plant where the Times tried to print an overseas edition ten days ago. The discovery of the bomb coincided with a Hessen State Parliament debate on the publication attempt.

Protection move

The Italian Government is expected today to call in the armed forces to protect key buildings and political rallies against terrorist attacks. **Page 2**

Proil bid fails

Asirid Proil, aged 31, alleged West German terrorist facing extradition on murder and robbery charges, failed in a bid to prove he is a British citizen despite judgement that he married to an East London plumber was legally valid.

Carter death 'plot'

Charges of conspiring to kill President Carter were lodged against a man with a starting pistol arrested while the President was making a speech in Los Angeles. Raymond Lee Harvey, aged 35, said he was supposed to fire the pistol as a distraction.

Obote settlement

Mr. Milton Obote, former Ugandan president, accepted substantial "damages" in settlement of his High Court action in London over a Guardian article implying he had ordered the murder of Idi Amin.

Nuclear peace

The anti-nuclear demonstration at the Torness power station in East Lothian, ended peacefully. Only about 100 of the thousands of weekend protesters remained in the hope of speaking to construction workers.

Briefly...

Passenger train derailment near Huddersfield was thought to have been caused by vandals; three people were treated in hospital.

Earthquake was shaken by a strong 4th tremor. Similar tremors are reported in Skopje, Yugoslavia and San Francisco.

WEEKLY PRICE CHANGES YESTERDAY

Rises in price unless otherwise indicated

Arthaw Cement	126 + 14	Elandrand	318 + 21
Alumina	360 + 38	Kamunting	82 + 12
Alumina	200 + 7	Kloof	710 + 78
Alumina	287 + 17	Libanon	598 + 24
Alumina	176 + 8	Selection Trust	280 + 25
Alumina	408 + 23	Trough	2324 + 11
Alumina	370 + 21	West Driften	670 + 61
Alumina	320 + 4	Winkelhaak	670 + 61
Alumina	100 + 4	Erchgr. 12pc 1988...	2102 + 7
Alumina	270 + 13	Bowater	200 + 9
Alumina	157 + 12	Brit. Northrup	211 + 8
Alumina	274 + 16	Costain	616 + 10
Alumina	153 + 11	EMI	104 + 6
Alumina	140 + 6	Gen. Eng. (Radcliffe)	9 + 5
Alumina	133 + 12	Hawkins & Tipson	63 + 9
Alumina	558 + 13	ICI	408 + 6
Alumina	120 + 18	Lesney Products	178 + 12
		Mothercare	175 + 11
		Summit (Jefferson)	60 + 6
		Chersneff	60 + 6

Howe sets out the guidelines for his first Budget

BY RICHARD EVANS AND PETER RIDDELL

The Government began yesterday to draw up the timetable for implementing the Conservative manifesto pledges. The Cabinet met for the first time and on his first full day at the Treasury Sir Geoffrey Howe, Chancellor, set out guidelines for the Budget preparations.

Budget day looks increasingly likely to be June 12. A later date or the end of May are not regarded as practicable. The only real alternative, June 5, may be ruled out since it is two days before the European elections.

At a 90-minute Cabinet meeting yesterday afternoon Mrs. Margaret Thatcher outlined the style of government she expected. Ministers are still expected to proceed with caution on contentious issues, particularly in the first few months of the new Parliament.

The Cabinet took a first informal look at the priorities for the legislative programme, but detailed discussion on the contents of the Queen's Speech, opening Parliament next Tuesday, was left to a further Cabinet meeting tomorrow. At that meeting the date of the Budget will be decided.

Sir Geoffrey has indicated to his officials the general approach to be adopted in assessing the scope for cuts in income tax. It involves working backwards from defined medium-term objectives for reducing the growth of the money supply and for the public-sector borrowing.

to see what can be afforded. The Chancellor also discussed allocation of duties with other Treasury Ministers. Mr. Nigel Lawson, Financial Secretary, is likely to take some of the load of public expenditure work from Mr. John Biffen, Chief Secretary.

That is partly to reduce the burden on Mr. Biffen, but it reflects a more general recognition that in the Labour Government the junior Ministers had too little responsibility and too much of the load fell on Mr. Denis Healey and Mr. Joel Barnett. Mr. Lawson has been involved in the preparation of the Tory spending plans.

The Budget featured prominently in the priorities outlined to Ministers by Mrs. Thatcher yesterday. Others were to repair Britain's cool relations with the Common Market, to improve the country's international standing and to make a cautious start on seeking broad agreement on trade union reform.

The assumption in Whitehall is that the first session of the new Parliament will be unusually long, lasting until autumn next year. The alternative would be a very brief session until this autumn, followed by another Queen's Speech, but that is thought impracticable.

The longer timescale means that Ministers will be able to take more time over deciding priorities and to concentrate on the passage of the Finance Bill.

Continued on Back Page

M & S CHIEF TO CUT WASTAGE

Sir Derek Rayner, joint managing director of Marks and Spencer, has been recruited by the Prime Minister to advise Whitehall departments on efficiency and the elimination of waste. **Back Page**

NEB plans big increase in private investment

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE National Enterprise Board is drawing up a plan which would transform it into a mixed public and private sector organisation by rapidly increasing the amount of private capital invested in some or all of its activities.

The plan is likely to be discussed soon by Sir Leslie Murphy, chairman of the NEB, with Sir Keith Joseph, who yesterday started work with the new Ministerial team at the Department of Industry.

Existence of the plan emerged when Sir Leslie announced yesterday that the NEB made pre-tax profits of £30.7m in 1978 and declared: "We would be very glad to get greater involvement of the private sector in our companies. We will be bringing forward a proposal later this year."

Sir Leslie also pledged himself to do all he could to co-operate in the review Sir Keith is about to start of the NEB's activities. The detailed ministerial work on this is likely to be done by Mr. Adam Butler, one of Sir Keith's two Ministers of State.

Three main possibilities are now being discussed within the NEB. The first stems from work started by Sir Leslie last year on how the NEB's role as a "bridge between State ownership and private entrepreneurial activity" could be extended.

The idea which is arousing most interest is that the private sector should be invited to take shareholdings in sections of the NEB such as micro electronics, computers, or small companies. This would apply to both existing and new companies and thus could lead to shares being offered, for example, in a group which could include the NEB's INMOS micro chip company and its INMOS and NEXOS computer and office equipment subsidiaries as well as some or all of its shareholdings in ICL, Ferranti and others.

The private sector is already involved through bank and other loans and through some personal investments in various of these companies, but the idea now is that the private sector should have a more positive role to play.

The second idea is that private sector shareholdings in individual NEB companies should be increased considerably beyond the 51 to 75 per cent involvement that the NEB at present prefers.

The third idea could involve shareholdings in the NEB itself, or at least in a hived off subsidiary that would exclude the main "lame ducks" like RL and Rolls-Royce.

The positive attraction of the first two ideas to the new Conservative Government, is that they could both cut the amount of Government spending taken up by the NEB and save the Government from having to try to sell new high technology companies like INMOS.

Sir Leslie would not discuss the details of the plans yesterday but he did emphasise that he intends to stay at the NEB. "As far as I am personally concerned I am not a quitter," he declared. "I shall certainly stay unless I'm fired."

Details, Page 13

U.S. troubles hit British groups

BY CHRISTINE MORRIS

U.S. PASTURES are proving treacherous for some British companies who have joined the rush to expand across the Atlantic. Yesterday two major groups, Mothercare and Lesney Products, announced that year-end profits had been savagely hit by problems in their U.S. operations.

Mothercare lost more than £1.5m in the U.S. last year, compared with a £280,000 loss the previous year. Mr. Bernard Adler, finance controller, said: "It is a vast market, far more complex than the UK. We never thought it was going to be this difficult."

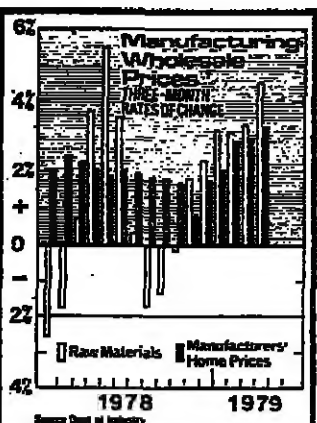
Lesney, a major UK toy maker, did not separate out U.S. problems in its figures but admitted that "group profit almost halved to £5.1m because of serious shortfalls in North America."

Only last month the UK's leading toy maker, Dunbee Comber Marx, admitted that losses in the U.S. could nearly wipe out profits from its successful UK operation. Attributable losses in North America could be as much as £5m.

Another casualty of the U.S. market has been Reckitt and Colman. U.S. profits in its latest accounts, published yesterday, showed a drop of £2.7m to £7.8m.

Reckitt's food division was hit by a potato glut, and a strike which went on to affect the early part of the current year. Lesney's biggest problem has been integrating its new acquisition, AMT Corporation, which manufactures plastic toy kits and has recently moved to a Mothercare's expensive purchase of Eikon, which operates 112 Mother-to-Be shops and a mail order side, has had increasing losses. The performance of Mothercare's own shops in the U.S. has also been patchy.

Results, Page 30



WHOLESALE PRICES (1975=100)

	Raw Materials (Home Sales)	Output
1978 1st	140.2	149.2
2nd	146.3	151.8
3rd	144.9	154.8
4th	147.1	157.3
1979 1st*	152.1	161.6
Jan.	150.8	160.0
Feb.	152.2	161.7
Mar.	153.3	163.1
April*	157.6	165.3

* Provisional
Source: Department of Industry.

Wholesale prices jump

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE RATE of price inflation has become more rapid, mainly as a result of the recent sharp increase in oil prices. But the present signs are that there may only be a modest further acceleration during the rest of 1979.

The wholesale price indices published yesterday show that manufacturing industry's raw material costs jumped by 2.8 per cent between March and April. The index now stands at 157.6 (1975=100).

The rise would have been even larger but for the appreciation of sterling during the month. This, coupled with rising North Sea oil production, has ensured that the UK has been less badly hit than other major industrialised countries by the rise in oil and other commodity prices.

The size of last month's rise in the index was in part exceptional because of the increase in crude oil prices. But the underlying acceleration is shown by a rise in industry's raw material costs of 8.2 per cent in the last six months, compared with 0.4 per cent in the previous half-year.

Some of the earlier increases in the index have been working through to the output prices charged by industry at the factory gate. The price index for manufactured products rose by 1.3 per cent last month to 165.3 (1975=100).

This is well above the rate of increase in recent months and is in line with other evidence that price rises are becoming more frequent.

There are no signs yet of a price explosion. Instead there is likely to be a gradual acceleration and the retail price index on Friday will probably show that the 12-month rate of increase—8.8 per cent in mid-March—is hovering around 10 per cent.

What happens from now onwards depends not only on import and labour costs but also on the extent of any increases in indirect taxes in the Budget. Most observers still expect the 12-month rate to be not much more than 12 per cent by the end of 1979.

The full impact of the sharp increase in crude oil prices on April 1 was reflected in a 4 1/2 per cent rise in the cost of materials bought by manufacturing companies outside the food, drink and tobacco sector. After excluding crude oil this index fell by 1 per cent because of the appreciation of sterling.

The index for the price of non-food manufactured products rose by roughly 1 1/2 per cent last month as a result of increases in most sectors. Higher prices for petroleum products again made the most significant contribution.

The raw material costs of food manufacturing companies rose by 3 per cent last month while the prices charged by this sector increased by 1 per cent. More than half the rise was explained by higher prices for animal feedstuffs and chocolate confectionery.

The index of prices charged for all manufactured products rose by 9 1/2 per cent over the 12 months to April compared with an 8 1/2 per cent rise in the year to March.

Detail sales boost. **Page 8**

U.S. inflation fears

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

MR. MICHAEL BLUMENTHAL, the U.S. Treasury Secretary, said yesterday that he would be "surprised" if the rate of inflation fell below 8.5 per cent this year.

He finally gave the kiss of death to the Carter Administration's official forecast of a 7.4 per cent increase in the cost of living in 1979.

The first quarter surge in inflation, during which both consumer and wholesale prices have gone up at annual rates of 13 per cent, has long since made the official target unattainable.

Mr. Blumenthal did hold out the hope of some abatement by either the summer or autumn. Before then, however, he foresaw "more bad price news."

Report urges 'efficient' apartheid

By Quentin Peel in Cape Town

THE WHOLE range of South Africa's complex race laws must be streamlined and modernised to eliminate bottlenecks in the economy and scrap the most glaring forms of discrimination, a major Government report proposed yesterday.

Dr. Piet Riekert, the former economic adviser to the Prime Minister, has compiled a report seeking to cut the cost and improve the efficiency of the apartheid system. But he does not call into question the fundamental tenets of racial separation in South Africa.

The report proposes scrapping much of the bureaucracy which restricts the movement of urban blacks—and calls for improved systems of recruiting black labour for the white economy.

At the same time it suggests that the most blatant forms of discrimination, such as the curfew on blacks in urban areas and the 72-hour restriction on visits by blacks without urban residence rights, should be abandoned. But the overall system of influx control, even though discriminatory, should be retained.

The almost 300-page report, which reviews a dozen different Acts of Parliament, has been launched to coincide with last week's recommended overhaul of labour legislation proposed by the Wiehahn Commission, including trades union rights for black workers, and greater job mobility for blacks.

Both commissions, set up in the aftermath of the 1976 Soweto riots, are part of a far-reaching Government strategy to humanise and make more efficient the South African system of separate development by allowing notable concessions to blacks in the urban areas, while pressing ahead with the strategy of independent tribal homelands.

In its detailed response to the Wiehahn Report, published as a White Paper, the Government makes one big concession in proposing a ban on all future closed shop agreements, the single most important form of racial discrimination on the South African shop floor. However, this would not cancel existing closed shop agreements.

At the same time it blows a major hole in the principle of freedom of association proposed by Wiehahn by excluding all migrant black workers—at least one in three of the labour force

Continued on Back Page

£ in New York

	May 7	Previous
Spot	52.0805-0815	52.0770-0780
1 month	0.55-0.56	0.55-0.56
3 months	0.53-0.54	0.55-0.56
12 months	1.55-1.46	1.55-1.40

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EUROPEAN NEWS

EEC ratifies UN liner code

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT IN BRUSSELS

THE EEC agreed yesterday to ratify the proposed United Nations liner code, intended to guarantee developing countries a significantly bigger share of international non-bulk cargo shipping.

Once this decision, taken by Foreign Ministers of the Nine at a council meeting here, has been ratified by their national parliaments, the code will have been approved by countries accounting for a sufficiently large proportion of world liner tonnage to bring it into force. The code aims to share out cargo carried on major shipping routes according to a fixed formula. This would assign 40 per cent of a given trade to the importing and exporting countries respectively, leaving the remaining 20 per cent for third countries or cross-traders.

The EEC has, however, insisted that the code should be applied on a more limited basis than envisaged when it was drawn up about five years ago. This was chiefly at the urging of Britain and Denmark, both anxious to protect their sizeable business as cross-traders.

In particular, the EEC has agreed that important parts of the code should not be applied to liner conference trades between Common Market members and other industrialised countries belonging to the Organisation for Economic Co-operation and Development.

In such trades, the 30 per cent share of the exporting and importing countries would be allocated between lines on a commercial basis, as at present, though cross-traders from developing countries would be entitled to bid for up to 20 per cent of the business. The code's provisions for fixing freight

rates would not be applied in such cases.

Secondly, to prevent EEC countries from invoking the code to gain business at each other's expense, in trades between an EEC member and a developing country the former's 40 per cent share would be open to competition from other common market lines on a commercial basis.

Lines from OECD countries outside the community would be eligible to share in these arrangements, provided they offered reciprocal opportunities in trades covered by the code.

To satisfy Belgium, which is keen to build up a liner fleet, it has been agreed that when an EEC country does not have a "fair" share of its own liner trade, the lines affected should negotiate and seek agreement on shares.

Most other European

countries appear amenable to such an arrangement, and Japan has indicated that it considers the EEC formula an acceptable compromise. But the attitude of the U.S., which has firmly resisted the code remains somewhat hostile.

The EEC will formally present its decision to ratify the code to the developing countries at the United Nations Conference on Trade and Development (UNCTAD) conference which opened in Manila this week.

After a stalemate in the EEC which lasted until the start of this year, the decision marks a significant achievement by the European Commission and member governments, who will no doubt also portray it as a major contribution towards the aspirations of the developing world for a better economic deal.

French Communists return to orthodoxy

By David White in Paris

THE FRENCH Communist Party's attitude towards the Soviet Union, its relationship with the French Socialists and its own administrative structure are expected to provide the main subjects for debate at the party's 23rd congress opening today.

The congress brings together 2,000 delegates at a sports centre in the working-class Paris suburb of Saint-Ouen, the site of the party's historic last congress in February 1976, when it joined the "Eurocommunist" ranks, dropped the "dictatorship of the proletariat" principle and distanced itself from current Communist regimes.

This week's congress is widely seen as marking a step back towards orthodoxy. The French Communists have already parted ways with their Italian and Spanish counterparts in adopting an openly hostile stance towards enlargement of the EEC and towards the reinforcement of EEC institutions, especially the European Parliament, due to be directly elected in a month's time.

The core of the discussion, which will be witnessed by about 100 delegations from abroad, is expected to be the party's analysis of current Communist regimes. A preparatory document published in February confirmed the position taken by M. Georges Marchais, the party's Secretary-General, that "the balance in Socialist countries is globally positive" — a verdict strongly contested by many French Communist students and others.

The congress is also expected to mark a further deterioration in relations between Communists and Socialists following the breakdown of their common platform and their defeat in general elections last year. The preparatory document pays lip service to the idea of a union of the Left, but attacks the Socialist party for "veering to the Right" and proposes a new balance between left-wing forces.

M. Marchais defended his position at the end of last year in a meeting between the party's Bureau Politique and 400 Communist intellectuals. This latter group has been the main source of criticism within the party, but the intellectuals are themselves split between different tendencies, notably that of the liberals and that of the theoretical purists who follow the line of M. Louis Althusser, the philosopher.

Italy expected to call in army to combat terrorists

BY PAUL BETTS IN ROME

THE ITALIAN caretaker Government of Sig. Giulio Andreotti is expected today to call in the armed forces to protect key buildings and political rallies against terrorist attacks.

This decision, which is likely to be approved by the inter-ministerial committee for security today, follows the latest outbreak of political violence at the start of the general election campaign.

The Government has come under increasing pressure to bring back the army to back up the hard-pressed police forces following the terrorist raid against the Rome headquarters of the Christian Democrat Party last week.

The army was previously used to man road blocks throughout the country at the time of the kidnapping of Sig. Aldo Moro, the late Christian Democrat leader who was murdered a year ago today.

Considerable controversy has erupted among the various political parties, which are focusing their respective elec-

tion campaigns on the issues of terrorism and the restoration of law and order. The two main parties, the Christian Democrats and the Communists, have been involved in particularly heated controversy over the problem.

Although the army is expected to be used to protect official buildings, railway stations and party headquarters, it is unlikely to be engaged in anti-terrorist investigations. Sig. Andreotti has indicated his opposition to any extraordinary measures at this stage, saying that this would only play into the hands of the terrorists.

While terrorist attacks have continued during the last few days, the election campaign is also coming under strain as a result of mounting labour unrest.

Some 5m workers in agriculture and a number of major industrial sectors yesterday held a four-hour general strike as part of a broader trade union policy in view of the renewal of a number of key three-year national labour contracts.

In turn, the outstanding

social and economic problems of the country, now threatened with an increase in inflation, are featuring prominently in the electoral manifestos of the various political parties.

However, while terrorism and the continuing economic problems are the main topics of the campaign, the root issue is the eventual structure of the next Government.

As in the last general election, the fundamental issue is the future role of the Communist party which is pressing for direct participation in any new Government, which has been flatly rejected by the Christian Democrats.

A vociferous faction of the Christian Democrats are indicating their willingness to resurrect a formula similar to the old centre-left governing alliance with the Socialists, the country's third party.

For their part, the Socialists appear to be prepared to take into consideration this possibility if the party sees its electoral support increase in the polls on June 3 and 4.

Danish forecast shows 24% anti-EEC vote

By Hilary Barnes in Copenhagen
DENMARK'S anti-EEC parties stand to pick up about 24 per cent of the vote in the European Parliament elections in June, according to a poll published here. The four parties, in an alliance including the all-party People's Movement Against the EEC, would probably take three of Denmark's 16 seats.

The other seats will probably go as follows: Social Democrats four or five; the right-centre electoral alliance of the Conservatives, Liberals, Centre Democrats and Christian People's Party four or five seats; the anti-tax Progress Party two seats; Radicals one.

Our Dublin Correspondent adds: Mr. Jack Lynch, Ireland's Prime Minister, has said he would not be in favour of giving the European Parliament powers which a national Parliament already had.

Parliament ends on critical note

BY GILES MERRITT

THE OUTGOING European Parliament is to debate two contentious policy reports in its closing session here in Luxembourg this week.

The first is on the effects of enlarging the Community to include Greece, Spain and Portugal. The second is a working document intended to provide the incoming European Parliament, which will be elected on June 7-10, with a blueprint for radically overhauling the Common Agricultural Policy (CAP).

It criticises surpluses and the undermining of common prices by the Monetary Compensatory Amount (MCA) system and suggests as a solution that deficiency payments be made to farmers.

The document on enlarging the Community "deplores" the European Commission's "lack of practical proposals" on the

problems of unemployment and economic divergence which the enlargement of the EEC is expected to cause. But the Parliamentary report on CAP reform is likely to provoke the more serious controversy.

The paper on agricultural reform concentrates in its closing section on increasing the incoming Parliament's powers and influence. It alleges that EEC member Governments are extending their hold on the Community at the expense of the Common Market's efficiency and public support, and says the European Parliament is being excluded from decision-making.

The 106-page report details ways for the new Parliament to regain the initiative in EEC policy-making, and concludes that, by appealing directly to the public and breaking with the traditions of the past 13 years,

it could become a democratic "champion" rather than the "mere tool" of technocrats and financiers.

There are more than 100 items for debate on the agenda of the present enlarged Parliament. At first glance, it is very much a lame duck Parliament, which is pushing through a large number of lack-lustre and highly technical European Commission proposals, on subjects ranging from Permethrin tobacco to enzootic leukosis among cattle.

But it is also a Parliament which, on the eve of dissolution, is hard at work behind closed doors on procedures and targets for its enlarged and elected successor to adopt. Although only 15 per cent of the present assembly are likely to return when the new European Parliament meets in Strasbourg on July 17, they include many leading members and committee chairmen of the outgoing body.

Deutsche Bank rejects charge

By Adrian Dicks in Bonn
DEUTSCHE Bank, West Germany's biggest banking group, yesterday rejected firmly the suggestion that it might have co-ordinated recent changes in interest rates with Dresdner Bank and Commerzbank.

Deutsche Bank said the increase in rates paid to savers could not be separated from overall alterations in interest rate structure, consequent on the March 29 increase in discount and Lombard rate.

It also said that rates charged to borrowers had not been raised in respect of loans taken out before April 5.

Iceland urged to curb inflation

BY DAVID WHITE IN PARIS

INFLATION in Iceland is in danger of getting out of control after accelerating to 45 per cent last year from 30 per cent in 1977, the Organisation for Economic Co-operation and Development warns in a report published yesterday.

The inflation rate, second only to that of Turkey in the OECD area, is the main reason for concern shown up in the organisation's latest economic survey of its least populous member state.

An otherwise favourable copy-book is marked by relatively high growth and invest-

ment rates, progress on diversification and a virtual absence of unemployment.

To keep prices in check, the OECD urges stabilisation measures, fiscal restraint and a less accommodating monetary policy. It also warns that credit may have to be made more expensive to keep spending down.

The Icelandic Government is proposing to change the price index system, used for regulating wages, to take account of alterations in the terms of trade, which have been badly affected by oil price rises.

The OECD warns that this plan, while perhaps helping to curb inflation in the short term, may backfire if prices of exports (mainly fish) rise sharply.

More financial stability will help Iceland diversify away from its reliance on marine products, the OECD says. This is particularly necessary in view of current stock levels in Icelandic waters, which call for conservation measures and provide limited prospects for catches in the medium term. On the other hand, replenished cod stocks could mean bigger exports in the 1980s.

Ankara talks on U.S. bases

BY METIN MUNIR IN ANKARA

MR. WARREN CHRISTOPHER, the U.S. Deputy Secretary of State, left Turkey yesterday without obtaining an assurance on the continued use of U.S. bases on Turkish soil or increased Turkish co-operation for American monitoring of Soviet strategic weapons tests.

Mr. Christopher's principal aim was said to be to ensure the continued use of these bases. He also wanted, according to a senior Turkish official, oversight permission for U.S. spy planes.

Mr. Bulent Ecevit, the Turkish Prime Minister, is reported to be firm on a guid-

pro quo—economic and military assistance in exchange for the bases. Grappling with the worst economic crisis in Turkish history, Mr. Ecevit needs U.S. help in the international salvage effort being organised by the Organisation of Economic Co-operation and Development (OECD).

After his second meeting with Mr. Christopher yesterday, Mr. Ecevit said their talks had been "very useful." He had been promised that "the U.S. will do everything that is possible to expedite the credit aid to Turkey within the frame-

work of the OECD."

The Turks want Washington to guarantee that their arms requirements will be met. They are proposing an annual shopping-list of their needs to go to the U.S. administration. Ankara would reciprocate with a firm commitment on the bases.

Most of the bases serve as intelligence-gathering operations directed at the Soviet Union, Turkey's neighbour. The bases have become all the more important to the U.S. since its Iranian bases were closed. And a SALT II agreement may only be accepted by Congress if effective monitoring of the Soviet Union can be guaranteed.

However, Washington appears to be reluctant to make any immediate commitments on the military or economic requirements of Turkey. An IMF team is at present in Ankara to decide the measures necessary to put the Turkish economy back on its feet. If agreement can be reached with the IMF, commercial banks have expressed an interest in making fresh loans to Turkey.

Further air traffic rise

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

AIR PASSENGER traffic in the UK rose by 4.6 per cent in March compared with a year ago at the seven airports run by the British Airports Authority (Heathrow, Gatwick, Stansted, Prestwick, Glasgow, Edinburgh and Aberdeen).

This growth is lower than in recent months, due to the fact that Easter (traditionally a period of heavy traffic) this year fell in April, whereas a year ago it fell in March.

Nevertheless, passenger traf-

fic at South-East airports (Heathrow, Gatwick, Stansted) was up by 8.3 per cent to nearly 2.6m, with Heathrow gaining 1.5 per cent to just over 2m, and Gatwick gaining 10 per cent to 532,000.

Aircraft movements rose overall by 7.5 per cent to 41,500, with movements at South-East airports gaining 7.8 per cent to 30,500. The biggest rise in aircraft movements was at Gatwick, with a gain of 18 per cent to 7,900 during the month.

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FINANCIAL TIMES (UK) figures: Not increase Dividend: Not increase Net Sales

Eanes in talks on threat of Government collapse

BY JIMMY BURNS IN LISBON

PRESIDENT Antonio Ramalho Eanes today meets representatives from the four major political parties, amid increasing signs that the downfall of Portugal's five-month-old non-party government is now practically inevitable. The issue at stake is no longer whether or not the Government will survive, but rather how soon it will fall.

This has emerged during a week of growing separation between the Government and Parliament. Three major political groups, the Socialists, the Communists, and the right-wing Social Democrats (PSD), have now openly called for the resignation of the administration of Sr. Carlos Mota Pinto.

The conservative Christian Democrat Party (CDS) and the independent grouping of 37 PSD dissidents have held back from openly attacking the Government. But significantly enough, they have now begun speculating openly on its replacement.

The CDS, clearly stimulated by Mrs. Thatcher's recent electoral win, have disregarded their minority status in Parliament and yesterday published their first "shadow Cabinet" list.

The PSD dissidents, who have yet to form themselves into a party, have called on the Socialist Party to form a Presidential-backed government suggesting that they themselves be included in it, if only in an advisory capacity. This proposal, however, has been rejected by the Socialists, who have declared outright that they will not participate in any government until "after the next election."

The Socialists have thus dampened any glimmer of hope that a new inter-party alliance might be capable of providing an alternative to the present administration and of avoiding an early poll.

Faced with the aggressive attitude struck by Parliament, President Eanes appears to be looking now for a compromise formula that could prevent a major constitutional crisis emerging during the next few days. In an interview at the weekend, the President backed pedalled on his previous uncompromising defence of the Government. He insisted, however, that regardless of whether the Government survived or not, a major priority was to have the budget approved when it is

presented to Parliament on or around May 15.

In the view of the Presidency, the safe passage of the budget is now not so much a political option, more an economic necessity. Not only are the public companies rapidly running out of funds but also the defeat of the budget would almost certainly put an end to any hope of Portugal resuming negotiations with the International Monetary Fund.

So far both the Communists and the Social Democrats have threatened motions of censure. Under the terms of the Portuguese constitution, an interval of not less than 30 days must separate motions of censure, and the Government need only resign if both motions are proved by a Parliamentary majority. The Socialist Party has asked the Government to face a confidence vote, but only after Parliament deals with the budget issue.

Poles agree itinerary for Papal visit

By Christopher Sobinski in Warsaw

CHURCH and State in Poland have finally agreed on a detailed programme for the Pope's nine-day visit here next month but strains are evident between the two sides over the final details.

The programme sees the Pope attending mass and giving ten sermons in Warsaw and Gniezno, in Cracow, Poland's national shrine, and in Krakow, his old diocese. He will also visit Wadowice, his birthplace, and say mass at the former concentration camp at Auschwitz, as well as meeting the Polish communist party leadership.

The Pope will not, however, go to Piekary Śląskie, a shrine near Katowice in the centre of Poland's industrial district of Silesia in spite of a call from local bishops for him to include the shrine in his itinerary.

The authorities refused to agree to a visit to the shrine. This follows a day of demonstrations in the Silesian town of Tychy some 12 miles south of Katowice on April 23 after the authorities attempted to remove a cross from the town centre.

The local clergy placated the crowd, and the authorities reconstructed the cross that night. Some 15,000 people gathered at the site next evening for a consecration service.

Travelling to see the Pope may be a problem. There are indications from some parts of the country that local authorities are obstructing efforts by parish priests to hire transport for the crowds expected to want to travel to see the Pontiff.

Some bishops suspect that security considerations are being used by the authorities to cut down the numbers of people making such a trip.

PAUL LENDVAI reports on the reasons for Austria's Socialist victory

'Kaiser' Kreisky's biggest gamble pays off

SINCE Sunday afternoon, opinion researchers, sociologists, journalists and, of course, politicians, have been discussing the reasons for what is being called an election "miracle"—the biggest Socialist victory in modern Austrian history.

No serious observer expected it, and until recently, most commentators were speculating about the future shape of coalitions if Chancellor Bruno Kreisky were to go.

After nine years' Socialist rule, the Chancellor, who is 68 and allegedly in frail health, was fighting seemingly overwhelming odds.

The feeling of "time for a change" and that "nine years are enough" was reflected in a string of setbacks. Despite the Chancellor's personal pleas the Government was defeated by a narrow majority at the referendum last November on the commissioning of Austria's first nuclear plant.

His party suffered a setback at the important Vienna municipal elections, with 60,000 Socialist voters abstaining.

Last, but not least, controversies about the lifestyle and business interests of his deputy, as well as a concerted campaign about alleged corruption scandals, dominated the headlines, with most papers solidly against the Socialists.

Yet the outcome was a political sensation. The Socialists won a fourth consecutive victory, for the third time with an absolute majority, and increased their strength from 93 to 95 seats out of a total 183.

Two figures indicate the profound changes in the political landscape. In 1970, the gap between the Socialists and the main opposition people's party was three seats and 170,979 votes. On Sunday, it widened to a difference of 16 seats and 431,302 votes.

'Kaiser Kreisky's greatest gamble pays off,' newspaper headlines declared. Even the

staunchly bourgeois Die Presse appeared with a banner headline: "Kreisky - Socialist triumph." A first study revealed that over 51 per cent of Austrians—and a clear majority of the 1m young voting for the first time—had opted for the Socialists.

Yet it was a gamble, because Dr. Kreisky kept hammering at his main theme: Everything—or nothing.

Either the Austrians wanted him and voted for the Socialists or chose "the only available alternative, a conservative, even reactionary, coalition" of the two bourgeois parties.

These were the People's Party headed by Dr. Josef Taus, a former banker, and the Freedomists, led by the Right-wing Mayor of Graz, Dr. Alexander Goetz.

Hence the yellow stickers all over Austria: "Taus-Goetz? No Thank You," four years ago, the posters asked: "Kreisky Who Else?" This time they declared: "Kreisky: Austria Needs Him."

Almost 52 per cent of the valid ballots agreed. Does this mean that the Austrians have become Socialists? By no means—they are in fact profoundly Conservative. Paradoxically, this is one of the main reasons for Kreisky's victory.

After listing the successes of the Socialist Government in his masterly TV appeal on Saturday night, the Chancellor posed a simple question: "The other two parties would like to do everything differently. But when everything is done differently, the result is also something completely different. Should everything be different, then?"

The crux of the matter is that his personality, style and policy appeal to the Conservative instincts of the average Austrian.

Nothing could better illustrate the rigidity of preferences than the fact that during the 21-year coalition system of the Socialists and the People's



A jubilant Chancellor Bruno Kreisky celebrates his election victory with party friends

Party (1945-1966) the country had only altogether four Chancellors and three Foreign Ministers.

Elected in February 1967, as chairman of the Socialist Party, but only with a two-thirds majority, Dr. Bruno Kreisky first changed his party, then the entire political landscape.

It is now common knowledge that Austria is a haven of labour peace with a 4 per cent growth in the '70s and virtually full employment. The schilling is one of the stablest currencies and the inflation rate was down to 3.6 per cent last year. About 76 per cent of the Austrians declared in a recent opinion poll that they saw "Austria as it is today" as a model for the whole world.

When Dr. Kreisky receives President Sadat in Vienna, the former U.S. presidents Nixon and Ford in Salzburg, or meets Mr. Brezhnev in Moscow, the public in Austria is spell-bound.

Even staunch conservatives pay tribute to his international prestige. In December 1975,

when Dr. Kreisky negotiated free passage for the terrorists who hijacked the OPEC ministers, he was widely criticised by foreign observers for giving in to blackmail. Yet most Austrians approved his negotiating tactics.

For over 25 years, this son of a well-to-do Jewish family of industrialists and intellectuals has been active in foreign affairs.

For 13 years, he was in charge of Austrian foreign policy, as first as Secretary of State, and later Foreign Minister.

Already involved in the negotiations leading in 1955 to the Austrian State Treaty and the termination of the four-power occupation, he is regarded as "Mr. Austria" abroad. For his countrymen, he also represents a bridge between past and present, and an overcoming of the Nazi past.

A non-believing Jew in a country with deep-seated traditions of anti-Semitism, where after the Anschluss of 1938, the Nazi Party had 567,000 registered members, Bruno Kreisky

may well have profited from the guilt-ridden conscience of many, elder Austrians.

But for many younger people, the unprecedented popularity of the Jewish Chancellor is also a symbol that there has emerged a truly new Austria.

After the election, Die Presse remarked that Austria was a "Kreisky-land," with people voting for a father figure, for an "ersatz Kaiser," for the past and present, rather than for the future.

Dr. Kreisky resents suggestions that he is a "conservative." As a daring anti-Fascist and Socialist, he spent, in all, two years in prisons before emigrating to Sweden in 1938. Thirteen years in Sweden shaped his life and outlook.

He is a life-long Social Democrat but with the flair of the grand bourgeois whose chief aim has always been elimination of poverty and maintenance of job security.

Dr. Kreisky's philosophy is a curious mixture of Marx and Bernstein, Keynes and Galbraith, spiced with practical experiences collected under the Swedish Welfare State and post-war Austrian social consensus.

In a real sense, the Kreisky brand of moderate Social Democracy and the Austrian's own love of compromise, is the background to what an Austrian paper called a "world record in political success."

It is estimated that the "Kreisky effect" was responsible for six to eight seats out of a total 95 gained by the Socialists, and for 5 to 7 per cent of the almost 52 per cent of the vote polled by the Socialists.

What comes after the Kreisky phenomenon? "For the time being, I am in charge and intend to serve fully by four-year term as a Chancellor."

"We are not a monarchy with crown prince. The party will decide at the right time who my successor will be," Dr. Kreisky said in an interview.

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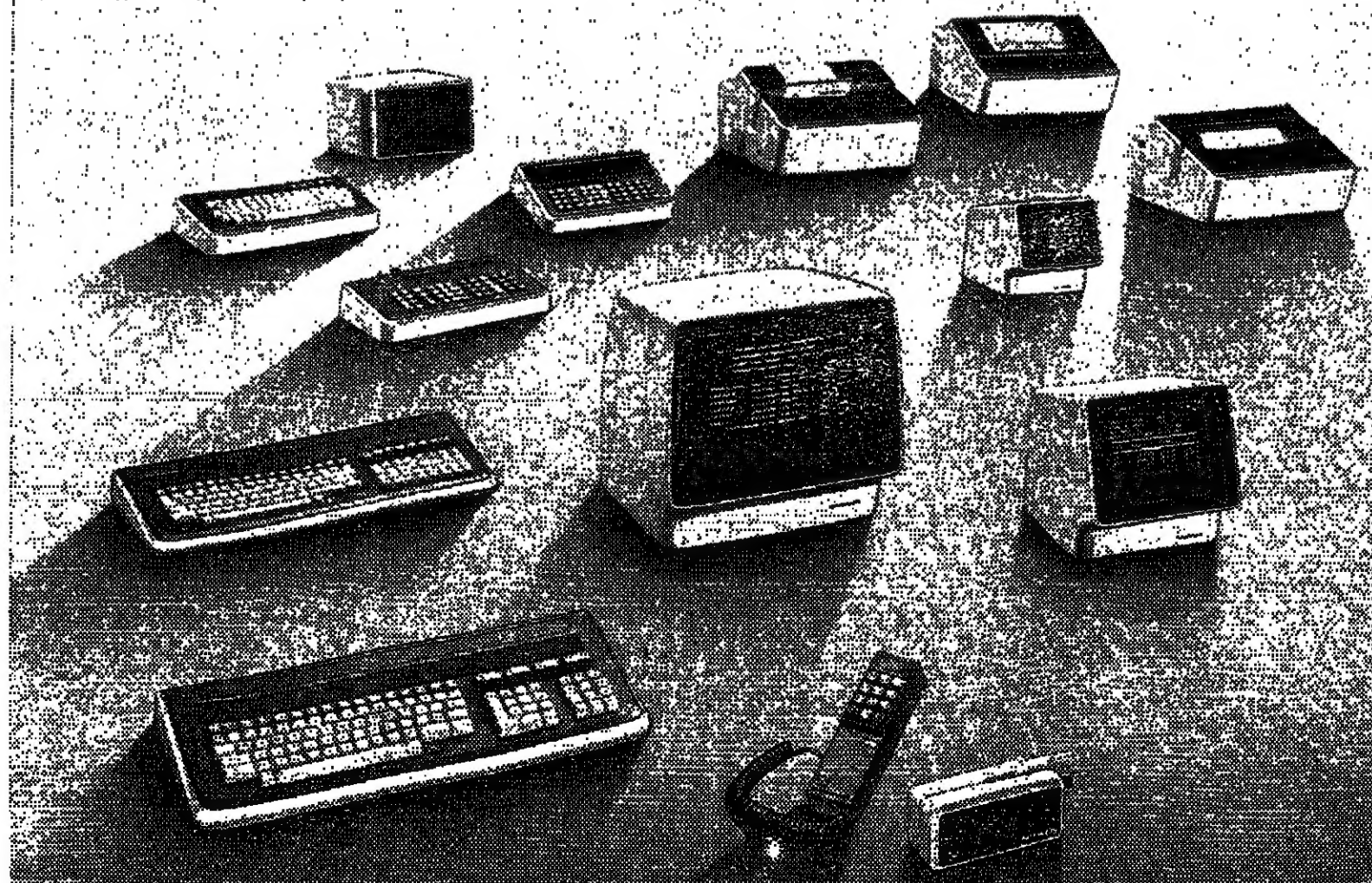
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The dividend was increased for the 10th consecutive quarter. And, while the increase looks modest, over \$44 million will be paid out to DANA stock owners this year, against \$38 million paid last year.

FINANCIAL HIGHLIGHTS

(All figures rounded)

	Six Months Ended Feb. 28, 1979	Six Months Ended Feb. 28, 1978	Percent Change
Net Income Per Share.....	\$2.50	\$1.87	
Dividends Declared Per Share	\$.69	\$.61	
Net Income	\$80,000,000	\$59,200,000	+35%
Net Sales	\$1,370,000,000	\$1,051,000,000	+30%



PRODUCTIVE PEOPLE

AMERICAN NEWS

Sunshine state suffers as petrol rationing and shortages start to bite

CALIFORNIA, the land of cars, has run short of the means to run them. Yet, less than a year ago the West coast was said to have an oil glut. On the surface the reasons for the change look simple. The oil companies, say there is a shortage of crude oil world-wide following the revolution in Iran. The U.S. Department of Energy is also asking them to divert production from petrol to heating oil to rebuild stocks.

In an effort to share out the misery, the oil companies have chosen to impose cuts in supplies on the service stations, based on what they took in the same months last year.

Before the changes in Iran Standard Oil of California was

entitled to 7 per cent of crude that it is no longer getting. Saudi Arabia said in April it will not continue to fill the gap and other producing countries, like Indonesia, now prefer to sell their spare crude for high stock prices rather than let companies like Stancal have it.

Greater density

The West Coast "glut" consisted of one-third of BP's present Alaskan production of 1.2bn barrels a day. This crude is of much greater density and higher sulphur content than the missing Middle East crude and cannot easily be used in Californian refineries, unless they are expensively rebuilt.

The crude is either passed through pipelines to refineries in the Midwest or shipped in small tankers through the Panama Canal to Gulf coast refineries.

The oil companies also protest that the shortage of refinery capacity in the U.S. is largely the result of excessive environmental zeal. Over the last five to six years there have been more than 20 applications to build large, 100,000 b/d green site refineries. Just one has been approved. But they also protest that they are not allowed to make adequate profits to justify building them.

California has not helped itself, say the oil men, insisting on tight pollution controls for

cars. Now a greater proportion of Californian cars require unleaded petrol, which takes about 7 per cent more crude oil to make than a gallon of leaded petrol, and the cars do fewer miles per gallon.

Part of the reason why shortages are biting harder in California is that Californians simply do not want to believe that the shortage is real. Habitually, they drive long distances and they own 16m cars, more than one for every resident over driving age. Public transport is very thin on the ground. Californians will put up with almost any inconvenience to be able to use their cars.

Petrol demand in California

in 1978 was up by almost double the national average (7½ per cent against 4 per cent). In real terms this reduces a Californian service station's typical allocation for May of 80 per cent of last year's supplies to less than 75 per cent of today's likely demand.

No petrol station in California now opens at weekends. Most open for a few hours in the morning and late afternoon in the rush hours. Desperate motorists park their cars overnight in a service station to book a place in the morning. In turn, petrol station owners are hiring security guards to prevent stealing.

Chevron, the subsidiary of Standard Oil of California and

the state's largest petrol supplier, says that in February, 16 per cent of petrol sales in California on its own credit card were for eight gallons or less. By April, 42 per cent were for under eight gallons.

No change

Over the same period, the average petrol sales in California had dropped from 14.1 gallons to under 10 gallons. For the United States as a whole, there had been virtually no change in the average sale, at around 12 gallons. Californians are very scared of running dry.

To head off panic, Mr. Gerry Brown, the state Governor, has pushed through a crude form of

rationing. Cars with odd licence numbers will be able to buy petrol on odd days, even licence numbers on even days. Doctors and nurses will get How the system will cope is anybody's guess. Most of the independent service stations, about one in five, plus an unknown number of tied suppliers, threaten to close for four days from May 17 to 20, claiming that they are being squeezed from both ends.

Federal laws and inflation prevent them from making a gross profit greater than 10 to 12 cents a gallon, they say. Now they are also suffering contracting volume because of allocation.



● Governor Brown... first with petrol rationing

Carter oil plan in trouble

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

OPERATING under a Friday deadline, both Houses of the U.S. Congress yesterday began climactic deliberations on President Carter's contingency petrol rationing plan.

Only one element of Mr. Carter's four-pronged package—mandatory controls on temperatures in public buildings—is expected definitely to be passed. The other three parts, coupon petrol rationing, weekend petrol station closings and curbs on the use of outdoor neon lighting, are in varying stages of trouble.

The sense of drama surrounding the congressional debate has been heightened by the petrol shortage now afflicting California, which yesterday began implementing its rationing system of petrol purchases.

Yet the drama is in a sense false, because Mr. Carter is asking, as required by the 1975 law, only for standby authority. Both the President and other Administration officials have painstakingly pointed out that the U.S. has a long way to go before the president would consider invoking the powers.

Nevertheless, determined to get the authority, the Administration has made amendments to its package. The first would limit a household to a petrol coupon entitlement of three cars per family, while the second, still vague, would establish a

differential favouring the larger rural states.

The first amendment is intended to prevent the more affluent from buying up dirt cheap old cars with no intention of driving them, but simply to secure a greater petrol allowance.

Mr. Carter's rationing plan is based on car ownership and not, as was the case under President

Ford, on possession of a driver's licence.

Even if Congress does grant the President the powers he has requested, it would still be able to veto his use of them. But the prognosis for passage of all four elements is not considered good.

Victor Mackie adds: The Canadian Energy Minister has warned U.S. visitors not to drive back and forth across the border to fill up their tanks.

Pemex sale to Canada

BY VICTOR MACKIE IN OTTAWA

THE CANADIAN and Mexican governments have agreed on an energy deal which will allow Canada to buy Mexican crude oil for eastern Canadian refineries early next year.

The agreement is now on paper, but is still to be ratified by both governments, according to an announcement by Mr. Alastair Gillespie, the Energy Minister.

The terms for the purchase of up to 100,000 barrels a day for ten years must now be worked out in separate commercial arrangements between Petro-Canada and Pemex, the two countries' state oil companies.

Petro-Canada will then arrange contracts with and transportation for the eastern

Canadian refineries. They will use the Mexican crude to replace Middle East oil.

Regarding the price, Mr. Gillespie said that he expects Mexico will not want to sell the oil to Canada for any less than world prices.

The agreement notes that the 100,000 barrels a day is an "objective" and is subject to Mexico's ability to expand its oil production facilities to meet this and other export demands.

The first sales of Mexican oil to Canada are expected late in 1979 or early 1980, and a minimum of 50,000 barrels a day, about 10 per cent of Canada's current import needs, should be achieved in 1981, said Mr. Gillespie.

Hostages 'escape' from San Salvador embassy

FIVE HOSTAGES, including Sr. Julio Esquivel Valverde, Costa Rica's Ambassador to El Salvador, escaped from the embassy in the capital San Salvador where they had been held hostage over the weekend. The Ambassador told a news conference in San Jose, Costa Rica, yesterday.

But the leftist enemies of El Salvador's military government who had been holding the five hostages, were still in control of the embassy building in San Salvador and were keeping six people hostage in the French Embassy there, he added.

Confusion surrounded the circumstances of the hostages' "escape." A police spokesman in San Salvador said they had been freed by the gunmen, while an El Salvador Government official said security forces had entered the embassy and rescued the five.

The envoy and two of the hostages — both Costa Rican

secretaries — had left for San Jose shortly afterwards, the official added.

In San Jose, Sr. Esquivel Valverde said that he and the other four hostages had slipped through a side door after gaining the confidence of the three members of the Popular Revolutionary Bloc who had invaded the Embassy on Friday armed with machetes and pistols.

A car was waiting outside and took the ambassador and the two secretaries to the airport. The arrangements had been made in a conversation which his captors allowed him to have through a window with a representative of the Costa Rican Foreign Ministry, Sr. Esquivel Valverde added.

Sr. Jose Antonio Rodriguez Porth, El Salvador's Foreign Minister, said that 16 other members of the Revolutionary Bloc who took over the French Embassy 15 blocks away on Friday afternoon were still



holding Ambassador Michel Dondonne, Counsellor Jean Durand and three others there.

A third group still occupied the metropolitan cathedral but there were no hostages at the cathedral.

The gunmen are seeking the release of militants arrested last month. The El Salvador government has acknowledged that two are being held, but has denied knowledge of any others. The militants have rejected an offer of asylum in Costa Rica.

Pay limit battle likely at Uniroyal

BY OUR NEW YORK STAFF

UNIROYAL, weakest of the leading U.S. tyre producers, is likely to be a battleground today for the second major union challenge to President Carter's wage guidelines.

After a round of fruitless negotiations on Monday, the United Rubber Workers Union has set a deadline of noon today for a strike by its 3,500 members employed by the third largest U.S. tyre producer. Uniroyal thus becomes the target for a pattern agreement which the union would then expect to be applied by other major producers, Goodyear, Firestone and B. F. Goodrich.

All the companies have been warned by the Administration that they might lose Government

business if they reach a three-year contract which exceeds the 22.5 per cent increase in pay and benefits over three years, which is allowed by the guidelines.

Uniroyal claims to have exploited already the flexibility permitted by an agreement which ended a 10-day strike in the trucking industry last month. As a result it has tabled an offer which will raise pay and benefit costs by about 28 to 29 per cent over three years.

The union insists that the company should restore an offer which it claims was tabled just before the industry's agreement ran out on April 20. Uniroyal

denies having made such an offer which would add about 35 per cent to its total employment costs. These costs are already higher than its three main rivals whose payrolls would increase by about 40 per cent if they implemented the same terms.

The union is also planning some hopes of breaching the guidelines on a federal court case it has brought to seek a declaration that the Administration's threat to use sanctions against recalcitrant companies is illegal. A hearing has been set for May 17. The judge said that "at first blush," the merits of the case appeared to weigh heavily in favour of the union.

Survey condemns car repairers

BY JOHN WYLES IN NEW YORK

CAR REPAIRERS look likely to join second-hand car salesmen in the basement of U.S. public esteem, after a Department of Transportation survey found that 53 per cent of repair bills are charges for unnecessary work.

The findings are potentially extremely damaging for an industry which spends vast sums of money projecting an image of helpful, avuncular integrity. Every night on television screens across the U.S. distraught car owners are pictured receiving life-sustaining services for their vehicles. But the survey suggests that the customer stands only an even chance of being charged the right price for having his car repaired on any visit.

Mr. Brock Adams, the Transportation Secretary, said the survey confirms what many people already know. He is convening a public forum in Washington on May 22 to discuss consumer problems in car repair.

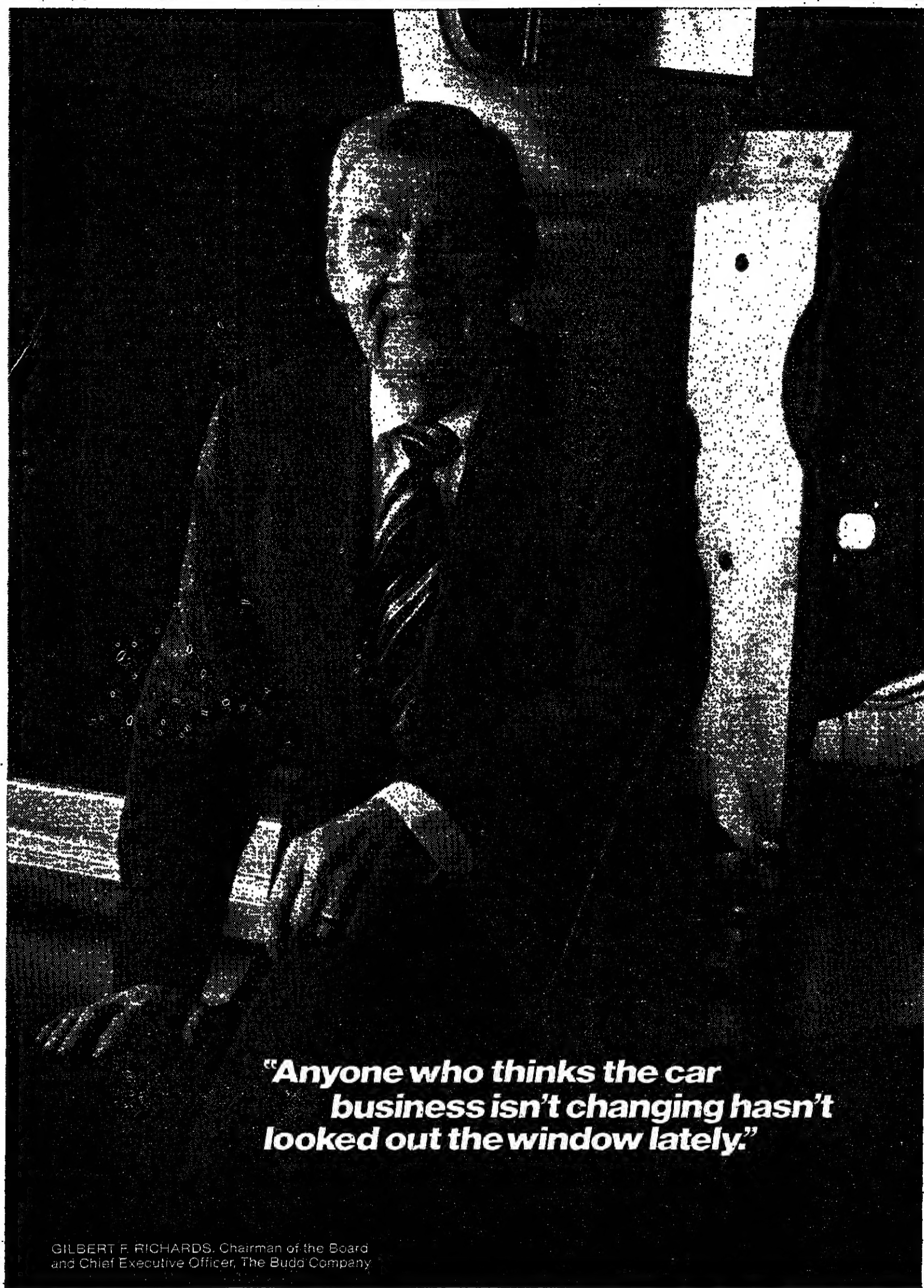
The survey team investigated 62 repair garages in Brooklyn and White Plains, New York, and in Atlanta, Philadelphia, Miami, Nashville and Houston. The repairers were given one of three tests: a car with one spark plug malfunctioning, a car on which the bushings had been removed from a suspension sway bar, or a trouble-free car with a request for a brake check.

According to Mr. Adams, 59 per cent of the engine repairs were done incorrectly,

and at five garages customers paid between \$75 and \$180 for unnecessary work on a car with a malfunctioning spark plug. Most commonly they were given a package deal, including a complete tune-up or a replacement of the ignition wiring system.

The suspension problem was not rectified in 44 per cent of the cars, while 32 per cent of the trouble-free vehicles underwent repairs.

Local district attorneys in the seven areas co-operated with the investigators, but district attorneys in Brooklyn and White Plains said they could find no evidence to justify a criminal prosecution. But Mr. Michael Hammerman of Brooklyn added that several of the garages "warrant closer attention."



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He'd never been in my car before and was obviously impressed by the deep plush seats, air-conditioning and quietness of the six cylinder engine.

"How much did it cost?" he asked, in that direct way Americans have.

I had been anticipating the question.

He had been silent since the start of the journey but it had been one of those silences that spoke louder than words.

I had seen him stroking the seat, then casually squeezing it as one might test the freshness of a loaf.

Twice he had turned in his seat to look at the back of the car and I noticed that on both occasions his returning gaze had lingered on the sun-roof above our heads.

As the car negotiated the rush hour traffic, he settled back in his seat and stretched his legs, extending his toes as if to test the leg room. A second or two later he turned to me and asked his question. We had a long journey ahead of us and I felt a little gamesmanship might pass the time.

"How much did it cost?" I echoed. "Why don't you try and guess?"

He smiled. "I've no idea how much Volvos cost."

"No, but you know how much your own car cost—if you get within £500 of the price, I'll buy dinner tonight."

He had sat up, interested in the game.

"Right," he said, "I'll need a few clues."

He took from his pocket a small notebook, beautifully bound in calf leather and a black Mont Blanc pen. He was, apparently, no stranger to quality.

"Well, the car is the Volvo 264 GLE" I began. "It's the best 4-door saloon car that Volvo make."

I felt rather vainglorious positioning it in this way, but to be fair, it seemed a piece of information he should have.

"It has a 2.7 fuel-injected V6 engine with an output of 148 bhp," I continued.

He looked up from his notebook and smiled. "It's very quiet," he said. "Very quiet."

We had by now reached the motorway and I slid my window up as we settled down to the long drive ahead.

It was a warm muggy evening and I blessed the fact that the car had air-conditioning.

"Is that an extra?" he asked as the air around us magically became cool and comfortable.

"No," I said. "It's a standard feature. I won't give you all of them or you'll get writer's cramp—but you ought to know the main ones."

He chuckled.

There was something about him that reminded me of Spencer Tracy, but I resisted the temptation to tell him so.

"The ribbed-velour seats are standard, so are the power steering, electric windows, steel sun-roof and tinted glass."

I hesitated for a moment, then went on with my list. "Metallic paint, electrically operated

door mirrors, headlamp washer/wipers, tachometer, a heated driver's seat..."

He interrupted and asked me to slow down. "Not the car, just the description," he added.

The motorway was now almost empty of traffic and the evening's humidity had turned to rain.

I always enjoy driving in the rain. The Volvo sits full square on the road and one wafts past slower traffic with almost feudal disdain. Of all the cars I've owned, none has made me feel more secure on a long journey.

"I'm ready for more dictation, sir." He had put on the accent of the young Judy Holliday and I began to look forward to an amusing dinner.

"Right," I said. "Just a few more I think." He looked up, pen at the ready.

"You get stereo speakers in the front doors, sun blinds on the rear window, head restraints on the rear seats, lights in the engine, glove box and boot, a clock, cigar lighter, radial tyres, fog lights, etc. etc. etc."

I delivered this last inventory in one breath and after a while he gave up the attempt to write them down.

"I get the picture," he said. "It's a very well-equipped car."

"Do you want to make a guess at the price?" I asked.

"Just two more questions," he said. "I assume you're talking about the price for the automatic model?" I nodded.

"And I'm taking for granted that all the usual Volvo safety features are built in."

"All present and correct," I answered.

He screwed up his face as if pained by the process of thinking. He felt the seat again; needing it seemed, a final confirmation of quality.

"Okay," he said. "I'd say you couldn't get this package for less than £11,000."

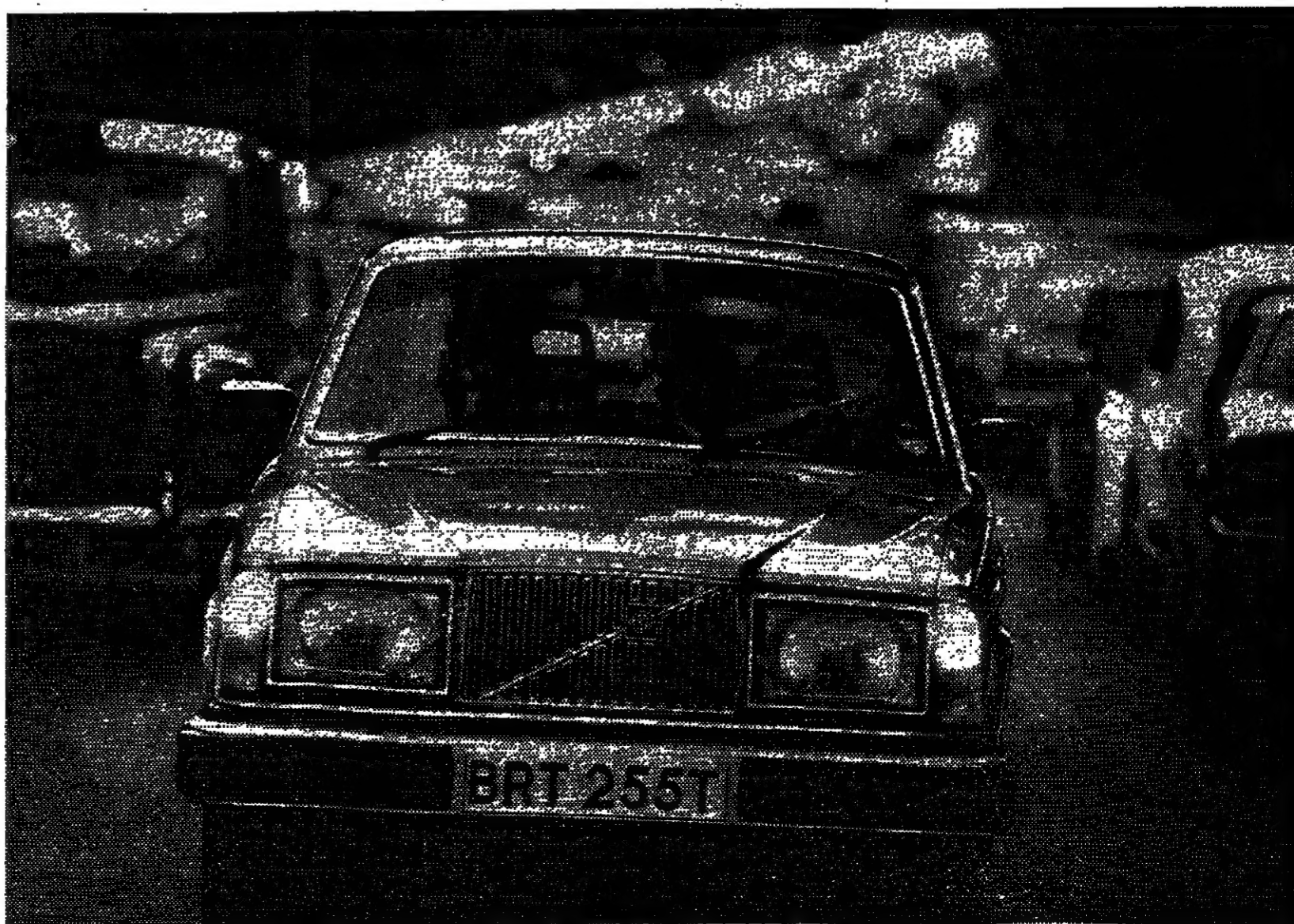
It was difficult to keep the satisfaction out of my voice.

"It costs £8,827," I replied.

He was silent for a moment, but only for a moment.

"You can still buy me dinner," he said. "If that's all you paid for this car, you can afford to."

I couldn't argue with him. The Volvo 264 GLE.



OVERSEAS NEWS

Richard Hanson reports on a changing relationship with the U.S.

Taiwan still booms, despite the shock

MORE THAN four months has passed since the U.S. Government normalised diplomatic relations with the People's Republic of China—and Taiwan is not only still there, but apparently not too unhappy with its new status.

After briefly venting its feelings at President Carter's abrupt (and in the Taiwanese view, tactless) handling of the change-over, the Nationalist Government seems to have decided to swallow its pride.

Public rancour over the U.S. move ceased partly because it threatened to become counterproductive. It may also have faded in the face of the successful "smiling diplomacy" offensive launched by China in the wake of its latest diplomatic victory.

But the final and most convincing explanation is that most people in Taipei (inside and outside the government) believe they still have many years of security and prosperity ahead. In Taipei, things have returned to normal. Some doubt exists, in fact, whether there was ever any real departure from normalcy. The Taiwan economy is booming as before and its infrastructure is growing stronger.

Real economic growth in 1978 was 12.8 per cent, up from 8.1 per cent in the previous year. Growth rate should reach 10 per cent this year, despite deterioration in the external economic environment caused by oil price increases.

Rapid economic growth in Taiwan can almost be taken for granted. Of greater importance at this juncture may be the response of foreign investors and bankers to the change in the island's status.

If loan commitments and investment decisions are anything to go by, this appears to have been extremely positive. Foreign bank commitments to the island in the three months after the Carter broadcast exceeded by about 50 per cent those made during the whole of 1978 (including more commit-

ments by the U.S. Ex-Im bank which has extended a total of \$2bn).

A number of major companies including Perkins Engines of the UK and General Electric and Chrysler of the U.S. have continued negotiations on investment projects first conceived before normalisation.

For them to have done so, and for more foreign investors seeming to be beating a path to Taipei is unsurprising for two reasons.

First, when President Nixon signed the Shanghai Communiqué in 1972, businessmen took the view that eventual normalisation of U.S. relations with China was a foregone conclusion and assessed the risks of investing in Taiwan accordingly.

The time of the U.S. announcement was only months away from what had been generally expected, so the business community could hardly be expected to panic.

Second, bankers and businessmen still seem to favour Taiwan's chances of surviving and prospering because the post-normalisation U.S. commitment to Taiwan has turned out to be far stronger than originally appeared likely.

The Taiwan Relations Act recognises Taiwan's laws as those of a separate nation (despite the official U.S. diplomatic view that Taiwan is part of China and China's capital is Peking).

It assures banks that loan agreements made with Taiwan borrowers are still valid. It commits the U.S. to continue to supply arms to the Taiwanese armed forces, and incorporates a strongly worded expression of American interest in the island's future security.

Of 60 treaties in force between the U.S. and Taiwan on January 1 this year, 59 are still in effect today. The exception is the mutual defence pact, to be phased out by the end of the year.

The transition from a fully-dedicated American Embassy representing U.S. interests in

Taiwan to the "American Institute in Taiwan" which now does the same job, was not smooth.

The opening of AIT was delayed for six weeks after the Embassy closed at the end of February because of snags in gaining approval for its operating budget from a stubborn

arrangement with Taiwan has no official sanction.

Apart from the U.S. and Japan, other nations have for long kept a low profile (both diplomatic and business) in Taiwan so as not to jeopardise trade opportunities with China.

Some major investment has been made by Europeans

forces, however, appear strong enough to make the cost of an invasion from the mainland prohibitively high in the foreseeable future.

If, then, Taiwan does have worries, they have less to do with foreign reactions than those of Taiwan's own business community (and to a lesser extent, other overseas Chinese businessmen).

Ironically, the hardest investment decisions taken in Taiwan over the next few years may be those taken by the Taiwanese themselves. Bankers already report some sign of inhibition from local investors.

The Chinese leadership in Peking has indicated that foreign investments will be respected if and when Taiwan is reunited with the mainland, but considerably more doubt exists whether "indigenous" Chinese investment would be accorded similar treatment.

The doubt also applies to investments made by overseas Chinese businessmen operating from Hong Kong or Singapore. Taiwan's other main worry is to ensure that being "frozen out" of the international community politically and diplomatically does not lead to a freeze on foreign markets.

Now there is no indication that this is about to happen: the island's global trade performance presents a picture which is the reverse of withdrawal. Exports in 1978 rose 35.7 per cent to \$12,704bn (only \$7m less than exports from Korea, which has more than twice Taiwan's population).

But trade prospects are somewhat clouded by the restraints Taiwan faces in the markets of Europe and the U.S. (large which it maintains a wide surplus) and by the fear of further protectionist moves.

Taiwan has thus built up exports to south-east Asia and the Middle East. It is slowly making inroads into the Japanese market (where a surplus exists in Japan's favour nearly as large as Taiwan's own surplus with the U.S.).

(Philips, being the largest) but they account for much less of the total than those of either Japan or the U.S.



Chiang Ching-kuo, President of Taiwan

(but ironically pro-Taiwanese) U.S. Senator.

When the new organisation finally did open in mid-April, a backlog of visa applications and official paper work was waiting, but the transitional phase is now almost over.

The AIT, with its non-committal name and non-governmental status, suggests a parallel with the Japanese representative office in Taipei, also named by "former" diplomats and trade officials.

The difference is that the U.S. arrangement has been formalised by Act of Congress, whereas Japan's "private"

Arafat vows to step up guerrilla war on Israel

BY IHSAN HIJAZI IN BEIRUT

AS ISRAELI aircraft struck for the third consecutive day, Mr. Yasser Arafat, chairman of the Palestine Liberation Organisation (PLO), vowed to step up the guerrilla war against Israel.

The Lebanese Government is reported to be gravely concerned about the Israeli attacks. It is feared that Israel may be trying to provoke a reaction which would lay the ground for a pre-emptive strike against Palestinian guerrillas and the Syrian forces who control most of the country.

Addressing a "graduation ceremony" in a Beirut suburb for 50 newly trained guerrillas, Mr. Arafat said: "While these aircraft are in the sky, I challenge them with you—our fighters, our martyrs."

They think Lebanon is a weak point, but who dares to threaten a fadai who carries his own coffin into battle."

Mr. Arafat was responding to Monday's pledge by Mr. Menachem Begin, Israel's Prime Minister, to continue air, naval and artillery bombardment to destroy "Palestinian murderers."

In Mr. Arafat's lengthy speech he described the U.S. as the head of a snake which was conspiring against peace in the Middle East. Talking of U.S. plans to train a task force of marines to defend the oil fields, the PLO leader asserted: "Let them know we will burn the oil fields before they occupy them."

[In Tel Aviv, a military spokesman said that Israeli aircraft had attacked "terrorist concentrations" south of the Zahran River, which flows across southern Lebanon between Tyre and Sidon.]

They also struck a guerrilla base farther to the east on Monday, and bombed a Palestinian camp on the coast near Tripoli on Sunday.

Also on Monday Lebanon rejected the offer of negotiations made by Mr. Begin, and the Palestinians scoffed at his threats against them. Mr. Begin had made a speech in the Knesset in which he invited President Elias Sarkis of Lebanon to visit Jerusalem to sign a peace treaty, threatened a continuing war against the Palestinian guerrillas and called on Syrian troops to leave Lebanon forthwith.

Mr. Sarkis is expected to make a public reply to Mr. Begin tomorrow, when he addresses the weekly Cabinet session. The President is expected to reiterate Lebanon's adherence to the resolutions of Arab Ministers in Baghdad in March, when they rejected the Egyptian-Israeli peace treaty

and imposed political and economic sanctions on President Sadat's regime. Lebanon has joined 17 other Arab states in breaking diplomatic relations with Cairo.

Dr. Selim Al-Hoss, the Prime Minister, said last night that Lebanon will not be intimidated into breaking away from the rest of the Arab nations. He described Mr. Begin's offer and frequent Israeli air attacks against Lebanese territory as the "ugliest form of blackmail."

Reuters adds from the UN: The UN Security Council will begin private talks tomorrow on a call by Lebanese Ambassador to the UN Mr. Chassani Tueni, to give UN forces in the area more power after Israeli attacks across the border.

Cairo loan in difficulty

BY ROGER MATTHEWS IN CAIRO

EGYPT MAY be forced to revise arrangements for raising \$300m on the Eurocurrency capital market because of Arab hostility to its treaty with Israel.

At least one, and perhaps more, of the four Arab banks arranging the loans are under-stand to be considering withdrawal. A senior Egyptian banker said yesterday that he hoped leading Western banks, which had expressed interest, would still be available.

The loans of \$200m for general development and \$100m to help finance the purchase of civil aircraft for Egypt's air force are under-stand to be managed by Arab International Bank, Union des Banques Arabes et Françaises, Arab African International Bank and European Arab Bank under the guarantee of the Egyptian Government.

Officials continue to insist that the decision by 17 Arab coun-

tries to break relations with Egypt has had no economic effect. Mr. Mustapha Khalil, the Prime Minister, told U.S. businessmen yesterday that the peace treaty should help to encourage development.

Reuters reports from Morocco: The tenth conference of Islamic Foreign Ministers began in Fez yesterday amid charges from Egypt that it had been wrongfully excluded. The Middle East situation following the Egyptian-Israeli treaty is expected to be the main topic under discussion.

Conference officials said a special envoy was sent to Cairo at the weekend to say that a motion calling for Egypt's suspension would be presented to the five-day meeting.

The Foreign Ministry in Cairo said Egypt had been told by Morocco that the aircraft carrying its delegation would not be allowed to land.

Go-ahead for new Namibia assembly

BY QUENTIN PEEL IN CAPE TOWN

SOUTH AFRICA took another step towards international confrontation over the future of Namibia (South-West Africa) yesterday, by giving the go-ahead for a national assembly to be set up in the territory.

Mr. P. W. Botha, Foreign Minister, also delivered a fat rejection of the latest UN proposals for a ceasefire and internationally-recognised elections in the territory.

The South African response is certain to trigger another round of sanctions demands from African States at the UN, and may present Britain's new Government with the dilemma of whether or not to use its veto in the Security Council.

The latest move falls short of setting up a fully-fledged executive government inside the territory—the national assembly would simply have legislative authority.

But it will undoubtedly be seen in Africa as a second important step towards an eventual "internal solution" after last December's South African-sponsored elections.

Mr. Botha insisted that the creation of a national assembly was not a move to independence for the territory, but was a response to the impatience of "the people of South-West Africa" demanding a greater say in their local affairs.

He also promised to review the question of independence from time to time. The assembly will consist of the 50 members of the Constituent Assembly, with another 15 members nominated to accommodate any other political parties which may want to join. So far, no other parties have agreed.

The assembly's primary aim will be to repeal apartheid legislation in the territory, hitherto blocked by the all-white legislative assembly.

South Africa has consistently rejected two key elements in the last set of UN proposals for a ceasefire: the establishment of guerrilla "locations" for members of the South West African People's Organisation (SWAPO) inside Namibia, and the lack of any provision for monitoring SWAPO bases outside the territory.

South Africa maintains these were deviations from the original Security Council Resolution 435 proposing UN-supervised elections in the territory—to which Mr. Botha still agrees, in principle.

Mr. Andrew Young, U.S. Ambassador to the UN, said in Canberra that he believed a ceasefire might be negotiated in Rhodesia before the Commonwealth heads of Government met in Lusaka in August.

Iran executions may lead to Bazargan's resignation

BY ANDREW WHITLEY IN TEHRAN

HARDLINE Mullahs sitting in Islamic revolutionary courts in Tehran yesterday ordered the execution of 21 former members of the Shah's regime, the largest group to be sentenced to death since the start of the trials in February.

The executions are a severe blow for Dr. Mehdi Bazargan, the Prime Minister, who had appealed for national reconciliation and who is reported again to be on the verge of resignation.

A fresh onslaught on intolerance for the clergy now in effective power came yesterday in an open letter to the Prime Minister from Mr. Ahmad Banihashad, who was the leading opposition politician in the Shah's Parliament.

Mr. Banihashad said the present course of events was maintaining the people's feelings of revenge. He accused the Mullahs of distorting the nature of the revolution, ignoring the contribution to its success made by people such as himself, academics and the underground guerrilla groups.

Among those sent before a firing squad at dawn yesterday were the last speaker of the Majlis, the lower House of Parliament, Mr. Javad Sa'idi, and two former Ministers of Information, Mr. Gholam Reza Kianpour and Dr. Mohammed Reza Ameli-Tehrani. Most of the others had been members of the counter-insurgency unit in Savak, the Shah's secret police. Their deaths brought the total of political executions so far to 190.

The state radio gave no

reasons for the large numbers involved, but it is thought that this was the clergy's reply to the assassination last week of Ayatollah Mortaza Motahari.

For the first time, one of the charges was insulting Ayatollah Khomeini—a warning to all those who have made disparaging remarks about the 78-year-old religious leader. The other items on the charge sheet were the familiar ones of "war against God and his representatives, corruption on earth, torture and participation in the killing of innocent people."

At least a dozen former Cabinet members and generals remain in jail, along with thousands of minor officials, police and soldiers. On present form, many of them face the death sentence.

Meanwhile a Bill has been drafted to lower the legal age of marriage to 13 for girls. Under the Shah's programme of secular reforms, the age limit had been progressively raised. Islam traditionally sees a low age limit as a way of controlling adolescent sexual experimentation.

The new proposals, which only need to be approved by the clergy-dominated Islamic Revolutionary Council to become law, state that the minimum age limit should be reduced from 20 to 18 for men, and from 18 to 15 for women. However, courts have discretionary authority to approve marriage at 15 and 13 respectively, provided that the couple are deemed physically mature.

Witteveen funds go to Sudan

By Jurek Martin, U.S. Editor, in Washington

SUDAN is to borrow \$200m Special Drawing Rights (\$254m) from the International Monetary Fund (IMF) over the next three years.

The Sudanese loan, completed after protracted and sometimes bitter negotiations in recent months, will be financed in part from the new Witteveen supplementary facility. This is the first use of this fund, named after Dr. Johannes Witteveen, the IMF's former managing director, and finally set up earlier this year. In return for the loan, Sudan will have to abide by economic conditions agreed with the IMF.

These are broadly divided into three categories: Domestic credit expansion, particularly in the public sector, is to be held down to a level consistent with the restoration of domestic financial balance.

Agriculture is to be revitalised, with special emphasis on producing export crops.

The existing development programme is to continue, and will be financed increasingly by higher levels of domestic savings and capital inflows.

Alan Darby adds from Khartoum: Sudan has reached agreement with Libya on the repatriation of 350 Sudanese Ansar rebels, who attempted a coup in July, 1976.

The repatriation of the Ansars, supporters of the Sudanese opposition leader Sadiq el-Mahdi, was a key issue between Sudan and Libya.

The repatriation agreement followed talks in Tripoli with the Libyan Government. Although Sudan did not attend the recent Baghdad meeting at which the Arab states agreed to impose sanctions on Egypt after it signed the peace treaty with Israel, President Nimer has moderated his support for President Sadat.

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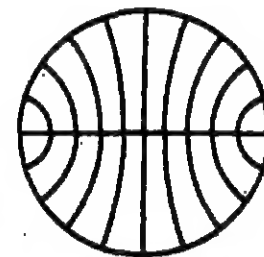
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EEC fields Third World criticism at UNCTAD

BY PHILIP BOWRING IN MANILA

THE EUROPEAN Community has stoutly defended its record on trade liberalisation and has hit back at attempts being made by many developing countries to make trade and protectionism the main issue at the UNCTAD conference, which opened here yesterday.

Speaking on behalf of the EEC Council of Ministers, Economics Minister Rene Monory of France, warned that the pessimism of many developing countries on the trade question "entails great risks". He said that this pessimism underestimated the efforts made to arrive at special treatment for developing countries.

M. Monory's defence of the EEC position is unlikely to make the trade issue go away. It was first highlighted at Monday's opening ceremony by UN Secretary-General Kurt Waldheim.

And today the Secretary-General of UNCTAD, Mr. Gamal Abdel Nasser, said that protectionism was one of the key issues of UNCTAD. He said that it threatened to "frustrate the restructuring of the international division of labour."

Mr. Wilbert Chagula, the Tanzanian delegate, representing the group of 77 developing countries, said the new international economic order

"remains a pious hope and a mirage for the third world."

He described the international economic situation as "chaotic" and claimed that the plight of the inhabitants of the vast majority of developing countries has continued to deteriorate.

Mr. Coreia acknowledged the progress on commodities, debt relief, and codes on the conduct of transfer of technology and control of restrictive business practices.

But he said there was still a mood of impatience among developing countries.

He urged the conference to reach a commitment to "contain and reverse" what he claimed was the protectionist trend among developed countries.

The conference should also pronounce itself on the "gross inadequacy" of existing facilities to accommodate the balance of payments deficits of developing countries, he said, singling out the possibility of a medium-term balance of payments facility.

However many delegates from developed countries have indicated they would like to keep serious negotiation of most of the specific issues out of UNCTAD, leaving them to

specialised forums like the IMF and GATT.

For the developing countries, the need is to negotiate some sufficiently precise guidelines and objectives to be carried to the more specialised bodies, otherwise they may find themselves in a month's time having made progress on one or two narrow fronts like the technology code, but with only a clutch of vague and windy pledges on the major issues.

France has cancelled a total of \$650m (£320m) in debts owed to it by ten countries—Bangladesh, Benin, Burundi, Comoros, Central African Empire, Guinea, Upper Volta, Mali, Niger, and Chad—M. Rene Monory, France's Economy Minister, has told the UNCTAD conference.

He was speaking to the 159-nation conference on the problems which heavy debts posed to the development of poorer countries. He opposed creating institutions to each such debts, including proposals to set up an international debt commission.

France's cancellation of the debts was an acknowledgment of the problems they posed for the poorest countries while they worked to get development plans under way.

But it should be quite clear that we cannot do much beyond this, particularly as regards debt rescheduling," he said.

W. German anti-trust stops Fiat venture

By Kenneth Gooding in Turin

THE WEST GERMAN Cartel Office has effectively killed a proposed co-operation agreement between Fiat of Italy and Daimler-Benz of West Germany for the manufacture of a new heavy automatic gear-box for urban buses, it emerged at the weekend opening of the Turin Commercial Vehicle Show.

Sig. Jacques Vandamme, who will shortly become chairman of IVECO, Fiat's truck and bus subsidiary, said here: "The deal is dead. It was brought to a halt by the anti-trust attitude of the West German authorities."

Although he would not comment further, it was clear that Fiat was disappointed over the proposed agreement foundering, because the group has insisted on the need to create "European dimensions" in the automotive components industry, to meet competition from the U.S. and Japan in particular.

This is not the first time that the Cartel Office has blocked cross-frontier agreements. A year ago the West German Supreme Court upheld the Cartel Office's veto on the proposed takeover of the Sachs clutch manufacturing group by Guest Keen and Nettlefold, Britain's biggest engineering company.

SIGMA DEAL COLLAPSE

BL looks again at S. African options

BY QUENTIN PEEL IN JOHANNESBURG

THE FAILURE of the proposed R100m (£58.8m) deal between the Sigma Motor Corporation of South Africa and Leyland South Africa follows a long period in which the BL subsidiary has looked ripe for a merger.

Its production volumes both for passenger cars and light commercial vehicles are languishing near the bottom of the industrial league, unlikely to prove any sound base for a healthy operation.

only trucks and buses, and its special products, have proved consistently profitable, with Leyland taking a significant share of the market.

In an industry suffering from overcapacity, with as many as 12 manufacturers competing for a passenger car market of around 200,000 vehicles a year, Leyland was a prime candidate for rationalisation.

The collapse of the deal between Leyland and the Sigma, the motor manufacturing arm of the Anglo American mining and industrial empire, has therefore come as all the more of a surprise.

Sigma, in which Chrysler has a 25 per cent interest, and which already produces Mazda, Mitsubishi, Peugeot and Citroen vehicles as well, was to produce the new Rover, fitting nicely into the top end of its passenger car range, while Sigma-Leyland, with assets of some R100m (£58.8m), would have combined the commercial

vehicle interests of both groups. Thus the scheme would have naturally run down Leyland's loss-making passenger car business, reduced the group's profile in a politically-sensitive area, and concentrated on the money-making commercial vehicle operations, while pooling re-

matters of detail to be resolved. "I was quite convinced we had reached agreement on all the major points," Mr. Chris Griffith, the Sigma Chairman, said.

Ironically, the final point of detail to be resolved was on the production and marketing of

the market. Sigma also believed the price should be cut by as much as R1,000.

These were the proposals with which Mr. David Andrews, BL's executive vice-president, flew back to London last week. In the event he returned with orders to scrap the entire merger.

Certainly BL is now left with a difficult job of picking up the pieces. Instead of reducing its passenger car range to the Rover alone, it will now keep the Mini going, and the Jaguar, which is assembled in South Africa.

But it has no middle-range cars since the disastrous Marina was scrapped, and instead offers the Land Rover, always in demand, with the popular Range Rover to be introduced by the end of the year.

Just what went wrong is likely to be a continuing matter for dispute in the acrimonious aftermath of the collapse. Although neither side will spell it out, there is more than a hint that personalities on both sides just did not get on across the negotiating table.

In London, BL refused to be drawn into a public squabble and would only comment: "The profit forecasts for the joint company deteriorated to the extent that it did not make sense for either side to go ahead."

BL insisted it would continue to trade in South Africa and said "we are reviewing our manufacturing and distribution operations there."

ASEAN wins right to participate in APEX fares

BY WONG SULONG IN KUALA LUMPUR

THE AIRLINES of the five member countries of the Association of South-east Asian Nations (ASEAN) will now be allowed to participate in the new low, advance purchase excursion (APEX) fares being operated from Australia to Britain.

The deal came about as a result of six days of complicated talks involving government officials of Australia, Thailand, The Philippines, Indonesia, Singapore and Malaysia.

It means that Garuda Airlines of Indonesia, Singapore Airlines, Thai International, Malaysian Airline System and Philippines Airlines will now be able to board 350 passengers each per week in Australia destined for Britain under the APEX scheme.

Previously, only Qantas and British Airways were allowed to do so under Australian aviation policy.

The ASEAN airlines operate their own services between the two countries, with en route

stopovers in their own countries, but saw the Australian policy as a threat to inter-connecting services.

The ASEAN airlines, led by Singapore Airlines, had also sought a major concession on the actual charge for en route stopovers. Singapore had bid for a stopover charge of A\$30 (£17) per passenger from the current A\$220, but Australia agreed only to reduce the charge to A\$150.

In spite of the concessions, many observers saw the negotiations as a victory for Australia, coming as they did on the eve of the UNCTAD talks in Manila.

Had the talks produced no results, the ASEAN countries would have been expected to try to mobilise Third World opinion against Australia's aviation and trade policies.

While Singapore described the Australian concessions as marginal, Malaysia said it was satisfied with the results.

Air Canada TriStar deal

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

AIR CANADA is to buy another six Rolls-Royce powered Lockheed TriStar airliners, worth about £125m, and has taken options on a further nine aircraft.

This will bring total firm orders for the TriStar to 204 aircraft, and the number of options to 80, a total of 284 aircraft.

All of the additional aircraft for Air Canada (which already has a fleet of 10 TriStars) will be of the Series 500 long-range version, using the Rolls-Royce RB-211 Dash 534 engines.

Delivery of the new aircraft will be made in 1981, with those on option (if converted to firm orders) likely to be delivered between 1983 and 1985.

The TriStar order is the first in what is expected to be a series of decisions by Air Canada on fleet re-equipment

for the 1980s and beyond. A new short-to-medium range aircraft is also under study by the airline, with interest centred on the new Boeing 767 and 757 jet airliners.

United Air Lines of the U.S. yesterday converted options on five McDonnell Douglas DC-10 tri-jet airliners into firm orders, worth \$195m (about £94m). Delivery will be in 1981 and 1982.

The new order brings to 47 the number of DC-10s in the United fleet. The airline has options on a further five DC-10s.

The West German Government has awarded to Hughes Aircraft of California a contract worth more than \$150m (£75m) for the design and installation of a new computerised air defence system called GEADCE (Germany Air Defence Ground Environment).

German shipyards face new crisis

BY ADRIAN DICKS IN BONN

WEST GERMAN shipyards are likely to deliver not more than 400,000 GRT this year, worth about DM 2.5bn (£642m) compared with deliveries in 1978 of 912,639 GRT worth DM 3.6bn, the industry's federation has announced here.

During the first quarter, new orders for some 124,000 GRT worth DM 600m were booked. Yet at the beginning of April, this gave the industry a total order book of only 499,000 GRT worth DM 2.9bn.

Despite the contractions in

the industry which have already taken place over the past few years, the Shipbuilders' Federation warns that there is simply not enough work to keep all yards going. In March some 12,000 out of a total work force of around 58,000 were already working short time.

In addition to the bleak future it sees for the shipyards themselves, the report warns that as many as 35,000 out of 80,000 in supplier industries could be at risk as a result of the shipbuilding crisis.

Dutch export aid fund may become permanent

BY CHARLES BATCHELOR IN AMSTERDAM

THE MATCHING fund set up to help Dutch exporters meet unfair competition from abroad may become a more permanent feature than was at first thought, according to a major export financing bank.

There has been a sharp increase in interest in the fund in the three years it has been in operation, the Export Financiering-MIJ said in its annual report.

The call on the fund's FI 100m (£28m) resources is likely to increase further because foreign customers are making more use of the international agreement, which has set minimum rates of interest generally below commercial

rates. More loan agreements are being reached with foreign countries which take into account the consensus on minimum rates of interest.

In 1978 the fund provided FI 32m which was used to gain 14 contracts worth FI 1.14bn. This compared with FI 10m granted on nine contracts worth FI 538m in 1977. The fund provides financing help for orders won outside the EEC and which contribute to employment in Holland.

The bank called for the combined use of the matching fund and the export financing arrangement, a facility administered by the Central Bank for granting cheap loans.

Time is running out for oil.

We all know that the world's reserves are finite, and steadily draining away. But there's no cause to assume that the final whistle will blow at 4.40 one Saturday afternoon, come what may. It's still possible to play for time.

Running a national energy policy is like football management as much an art as a science. The run of play is only partly within your control, and luck can be a decisive factor.

But to an oil company, as one commentator among many, there are a couple of points which seem clear.

Firstly, the critical time for decisions has already arrived. We mustn't let North Sea oil and gas delude us into ignoring the energy problem until it's too late to find

proper solutions. The North Sea break won't last for ever. Given suitable incentives, UK production will meet a major part of Britain's oil needs until the end of the century. But that's not so long as it seems to take to build a power station from scratch, especially a nuclear one.

Secondly, there's no better time than having as many fit substitutes on the squad as possible. At the moment, we're asking oil to do too much; and that's the way to exhaust it.

In an uncertain world, we need all the energy options we can get.

It makes little sense to rely so heavily on oil for generating electricity and heating buildings: jobs which could be done by less precious fuels. So we need to build up coal

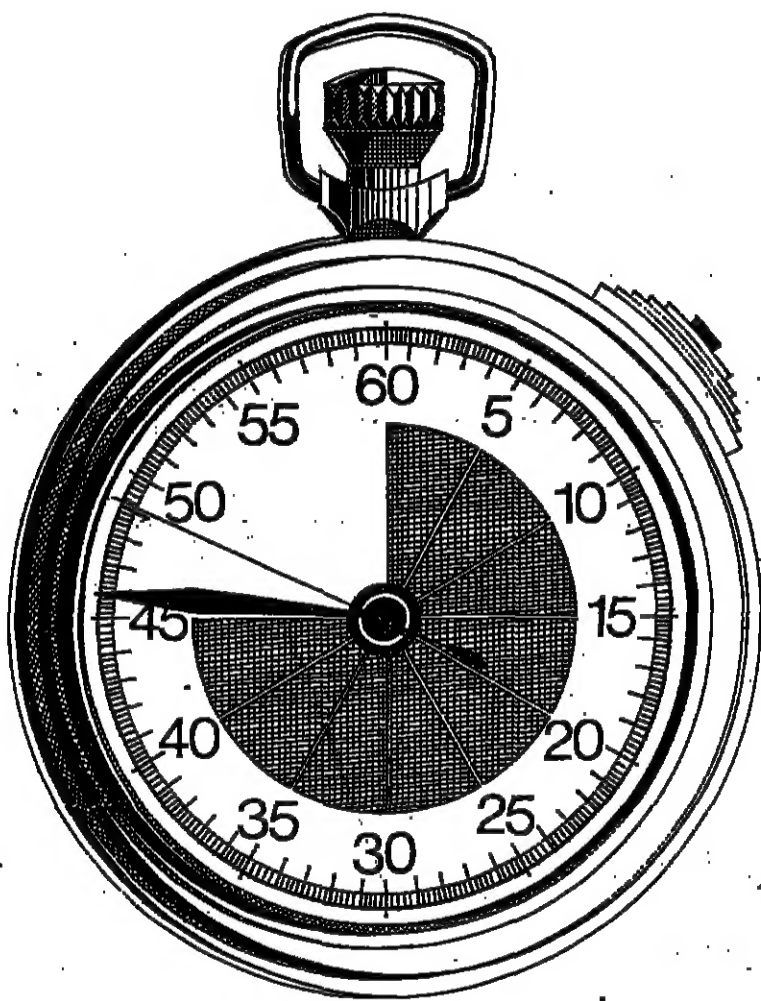
to full strength; to resolve, if we can, the problems which make nuclear energy unpopular on the terraces; and to groom the exotics, like solar energy and wave power.

The sooner we can get those substitutes into play, the longer we can count on oil for its unique qualities: as a transport fuel and lubricant, for example.

Mobil is building new plant in Britain to refine crude oil more flexibly; producing more transport fuel and less of the 'substitutable' fuel oils as demand patterns change.

Other oil companies are doing much the same. So the oil industry is ready for a substitute strategy.

We can't stop the clock; but we can still put off the final whistle.



Extra time.

Mobil

UK NEWS

Spring boost for retail sales

BY DAVID FREUD

RETAIL sales appear to be picking up vigorously after the slow-down over the winter.

A cross-section of non-food shops report buoyant trading for the past eight weeks or so, while forecasts for the rest of the year have been upgraded.

It is still too early to establish to what extent the recovery represents renewed consumer confidence or an increase in the low level of sales in January and February, when demand was dampened by bad weather and industrial disputes.

The last figures available—covering March—show that sales have returned to about the level of last autumn. The revised index for the volume of retail sales, released yesterday by the Department of Trade, was 110.8 (1971=100).

This was close to the provisional estimate of 110.5 and compares with 110.4 for February and 109.6 for January. Overall, sales in the first quarter were 1.3 per cent lower than in the previous three months. However, they were 3.7 per cent higher than in the same period of 1978.

The recovery seems to date from about the end of March. Figures released by the John Lewis Partnership show that after a poor start to the year turnover in the 13 weeks to April 28 was 18.3 per cent higher than the same period

last year. This implies a substantial volume gain.

British Home Stores reported yesterday that sales were now "very buoyant" and "above expectations," while Mr. Philip Harris, chairman of Harris Carpets, which includes the Queensway furniture retailers, also reported a strong recovery in sales.

He said: "The first five weeks of the year were poor, but after that sales have been pretty buoyant. In the last eight to 10 weeks turnover was more than 20 per cent above the level of a year before."

Marks and Spencer said that while Easter made comparisons difficult, there was significant growth in sales in three of the four weeks in April.

The Retail Consortium, which represents a wide range of store groups, said there were already indications that people were buying ahead of possible increases in VAT rates, as suggested by the Conservative election campaign.

The consortium, which had been forecasting an annual increase in the volume of sales of between 2 and 3 per cent in 1979, now believes the figure could be nearer 5 per cent.

The pick-up was likely to be reinforced by the return of a Conservative government as there could, according to the consortium, be some easing of pay restraint and a correspond-

HIRE PURCHASE CREDIT AND RETAIL SALES

	New credit extended by		Total debt outstanding (unadjusted)		Retail volume (revised)	
	Finance Houses	Retailers	£m	£m	(1970=100)	Durable goods shops
1977 1st	—	—	—	—	103.3	115
2nd	596	507	4,205	102.4	118	
3rd	457	546	4,482	104.2	121	
4th	736	542	4,791	104.7	124	
1978 1st	809	565	5,053	106.4	122	
2nd	901	605	5,494	107.9	129	
3rd	895	647	5,810	110.7	134	
4th	958	618	6,211	111.7	134	
1979 1st	934	652	6,427	110.3	131	
2nd	306	202	5,969	110.2	132	
3rd	344	217	6,140	110.5	132	
4th	308	199	6,211	113.8	137	
1979 1st	300	225	4,236	109.4	127	
2nd	311	220	4,316	110.4	137	
3rd	323	207	4,422	110.8	129	

Source: Department of Trade

ing increase in earnings. This could push up sales in the second and third quarters, before higher inflation began to have an impact towards the end of the year.

A breakdown of the figures shows sales of durable goods in January-March were 2 per cent below the previous quarter, as were sales from other non-food shops.

There was a 0.5 per cent rise in food sales, but clothing and footwear sales were 3 per cent down.

Vance coming for talks

BY OUR FOREIGN STAFF

MR. CYRUS VANCE, the U.S. Secretary of State, is to visit Britain on May 20 and 21 in an attempt to ensure harmony between the foreign policies of Washington and the new Conservative Government.

The Foreign Office says that the talks between Mr. Vance and Lord Carrington, the Foreign Secretary, will be a general review of world problems.

The talks will be without any formal agenda and, by stressing that they will deal with such matters as SALT and the comprehensive test ban negotiations—the only talks between the U.S. and USSR where Britain sits with the super-powers—the Foreign Office is to make it clear that it is mainly from opponents of the Carter administration.

Namibia and Rhodesia are bound to be among the main subjects discussed, London and Washington are both concerned at balancing the mounting calls in their countries to end the confrontation with the white regimes in South Africa.

In Britain the pressure is from the supporters of the new Government but in the U.S. it is mainly from opponents of the Carter administration.

Mr. Vance has been seeking to ward off attempts by the anti-sanctions lobby in the U.S. Congress to force the lifting of the U.S. trade embargo on Rhodesia until after seeing Lord Carrington and until after President Carter makes his own decision on sanctions. Mr. Vance has said this decision will be not later than June 15.

U.S. Administration, while officially non-committal on sanctions on Rhodesia, may already be shifting its attitude slightly closer to that of the Conservatives.

Jay resigns as envoy to U.S.

BY JUREK MARTIN

MR. PETER JAY, the British Ambassador to the U.S., has submitted his resignation to the British Government, the Embassy in Washington announced yesterday.

Mr. Peter Jay, who has been in the post since 1976, is the only other current political appointment in the British Diplomatic Service, has done likewise.

Both offered to resign last Friday, as soon as it became clear that Mrs. Thatcher's Conservative Party had won the election. They have offered to stay until replacements are found.

It may take several weeks, especially in Mr. Jay's case, for the Government to find a successor. A faint possibility remains that Mrs. Thatcher might ask Mr. Jay to stay longer.

However, Mr. Jay, Mr. Callaghan's son-in-law, would clearly prefer to leave Washington and return to private life, probably in the first instance, to write an economics book. His appointment was two years in succession to Sir Peter Ramsbotham, now Governor of Bermuda, caused a political uproar, partly because of the suggestion of nepotism and partly because of denigratory comments by Mr. Callaghan's associates about Sir Peter's abilities.

Since the storm died down, however, Mr. Jay has sought, with some success, to build on the good Anglo-American relations stemming from the close personal ties between President Carter and Mr. Callaghan.

Mr. Jay has, sometimes controversially, also managed some streamlining of the large staffs at the Embassy and in the New York consular and information offices. He has, however, found himself unable to do much about the size of the British military representation in Washington.

Mr. Jay has established a good working connection with senior Administration members, notably Mr. Cyrus Vance, the Secretary of State, and Dr. Zbigniew Brzezinski, National Security Adviser.

Coal Board amplifies plans for major pits

BY JOHN LLOYD

THE National Coal Board yesterday gave details of big mining developments which are being prospected and which would extend and increase its production into the 1980s and 1990s.

The developments, at least two of which have received little more than local publicity, were disclosed on the first day of preliminary hearings into the NCB's application to mine in the Vale of Belvoir, north-east Leicestershire.

The board hopes to open there the UK's second "superpit" (after Selby, North Yorkshire), producing 7m tonnes of coal a year by the late 1980s.

The two previously almost unannounced fields are in North Yorkshire and South Warwickshire. One is an extension to the North Yorkshire coalfield, south of Kellingly colliery, where the board says, "earliest results are encouraging" and where some 60m tonnes of workable coal have been proved. Development of the reserves could begin by 1986.

The second field, near Coventry, is an extension of reserves which are being worked at the Daw Mill colliery. A feasibility team has been set up to determine the scope of possible working, which also might begin by 1986.

Other fields mentioned for the future were Selby itself, the Vale of Belvoir, and the proposed coking coal pit at Margam, South Wales, all of which are well known.

Asked about the development of the Oxfordshire coalfield, about which there has been speculation, Lord Colville of Culross, who represents the NCB at the Belvoir inquiry, said: "We have not even begun discussions with the local authority; information would be minimal."

Earlier, the inquiry with Mr. Michael Mann, QC in the chair, heard complaints from residents and groups in the area that the information they had received had indeed been minimal or, in some cases, not forthcoming. Particular concern was expressed over the siting of the rail links and accusations were made that the NCB and British Rail had supplied inadequate evidence.

Mr. Mann opened the inquiry by detailing issues on which the inquiry proper, which will begin in October, should concentrate. These included consideration of national energy

requirements; the need for coal from Belvoir; alternative fields; comparative costs and benefits; subsidence; transport; the effect on agriculture; employment, and large-scale population changes.

None of the various anti-development groups—which included Leicestershire and Nottinghamshire county councils, Melton borough council, and the grouping known as "the Alliance," which takes in various parish councils and local environmental bodies, with the National Farmers' Union—objected greatly to the proposed structure of the inquiry.

However, it was clear that the anti-development forces were well prepared and ready to make a protracted fight of it, both on the issues of the general need for coal, and on specific local matters.

Most of the groups' requests for large amounts of detailed information, some of which concerned national policy, will be difficult or embarrassing to supply.

The preliminary hearings are expected to last throughout today. Submissions made during the hearings are likely to be incorporated in the schedule for the full-scale inquiry later.

Abbey National reorganises

By Michael Cassell

THE Abbey National—Britain's second largest building society—yesterday announced details of a major management reorganisation.

The move follows the recent retirement of Mr. Tim Timberlake, the society's chief general manager and one of the best-known building society figures.

Mr. Clive Thornton, the new chief general manager, who is quickly becoming known for his progressive views on the future of societies, said yesterday that the reorganisation reflected the changing role of the Abbey.

Five general managers have been established—Mr. John Bayliss heads the field operations and development division, Mr. John Fry takes over marketing and planning, Mr. L. Lewis, finance, Mr. G. McKenzie establishment, and Mr. A. R. Rendel is in charge of the housing division.

Methven hails Tory win—but 'hard going' ahead

BY MAURICE SAMUELSON

SIR JOHN METHVEN, director-general of the Confederation of British Industry, last night hailed Mrs. Margaret Thatcher's election victory as a boost for the economy, while at the same time warning against premature euphoria.

He told businessmen in London he was "delighted" to have a Premier and Government who were "truly and publicly committed" to creating the climate in which business in the UK could again thrive and prosper.

However, the coming months would be "hard going." Inflation could be back in double figures, growth was slowing and, until both trends were reversed, unemployment was likely to rise. Company profitability was still depressed and the world trade outlook had worsened

reforming pay bargaining, because of the price of oil.

The Government should forge ahead to long-term success by cutting personal taxation, cutting waste and inefficiency in Government spending, and making sure that industry was not circumscribed by new and ever-changing laws and rules.

On industrial relations, he called for a determined but calm effort to get the balance of power right between employers and organised labour. Everybody wanted to avoid a major upheaval in legislation in this field, but some changes were necessary, after proper consultation.

"There has to be consultation, because, no normal, reasonable person wants confrontation—and there is no need for it."

Lynch visit to Thatcher

By Stewart Dalby in Dublin

MR. JACK LYNCH, the Irish Prime Minister, will pay a brief courtesy call tomorrow on Mrs. Margaret Thatcher.

Mr. Lynch and his Ministers have made it clear for some months that when a new British Government was chosen they wanted to be among the first callers on the new Prime Minister, to urge a fresh policy on Ulster.

The Irish Premier is on a long-planned private visit to England, and Government officials in Dublin have refused to say whether this meeting will be the long-awaited opportunity Mr. Lynch has wanted to press the British Government to make a new initiative on Northern Ireland.

It seems that Mr. Lynch will seek a further, more business-like, meeting with Mrs. Thatcher.

IMPORTANT TRAVEL ANNOUNCEMENT
LONDON—EDINBURGH—ABERDEEN
TRAIN SERVICES FROM 14 MAY 1979

Whilst the line between Berwick and Dunbar is temporarily closed, because of the rock fall in Penmanshiel Tunnel, a special train service will apply until further notice.

DAYTIME TRAVEL

Passengers travelling on day services between London and Scotland should travel from and to Euston where there are through services in each direction. Journey times from and to King's Cross will be longer.

Mondays to Saturdays													Sundays			
		A	B	A	B											
London Euston	dep.	0745	0930	1045	1115	1130	1145	1215	1245	1345	1820	1745	0850	1350	1700	1725
Edinburgh	arr.	1321*	1506	1604*	1655	—	—	1752	1837*	1932*	2145	2325*	1812	2017*	2222	2306*
Dundee	arr.	1458*	1703*	1753*	—	1857	1857	2020*	2033*	2158*	0002*	—	1947	2159*	—	—
Aberdeen	arr.	1635*	1838*	—	—	2028	2028	2150*	2150*	—	0316*	—	2118	2325*	—	—

Mondays to Saturdays													Sundays			
Aberdeen	dep.	—	0800	0720	0850	1002	1240	1340	—	—	—	—	—	1200	1300	—
Dundee	dep.	0705	0727	0847	1020	1135	1407	1522	—	—	—	—	—	0910	1336	1510
Edinburgh	dep.	0857	0952	1052	—	1352	1610	1712	—	—	—	—	—	1210	1534	1655
London Euston	arr.	1429	1529	1713	1739	1917	2144	2241	—	—	—	—	—	2007	2113	2233

Note: For travellers from stations north of Stevenage on the East Coast route, there will be a service with a bus transfer between Berwick and Dunbar. A limited number of through trains will run to Edinburgh via Newcastle and Carlisle.

OVERNIGHT TRAVEL

Sleeper services will continue to operate between King's Cross, Edinburgh and Aberdeen, although journey times will be extended because of necessary diversion via Newcastle and Carlisle.

Sunday to Friday nights		A	B	A	B	Saturday nights	
London King's Cross	dep.	2000	2215	2315	2355	2000	2215
Edinburgh	arr.	0445	—	0752	0814	0445	—
Dundee	arr.	0700	0715	0940	—	0700	0922
Aberdeen	arr.	0850	0913	1109	—	0850	1109

Sunday to Friday nights		A	B	A	B	Saturday nights	
Aberdeen	dep.	1925	—	2002c	2035	—	2005
Dundee	dep.	2102	—	2141c	2214	—	2147
Edinburgh	dep.	2250	2315	—	0020	2215	2330
London King's Cross	arr.	0713	0743	0727	0843	0758	0940

Full details of the train service from 14 May are contained in a special leaflet—available shortly from principal stations and travel agents.

We are sorry for any inconvenience caused.

Inter-City

STOCK EXCHANGE ANNUAL REPORT

Accounts reflect low turnover

BY CHRISTINE MOIR

THE LOW level of turnover on the Stock Market for much of the year is clearly reflected in the report and accounts of the Stock Exchange for the year to March.

The general charge on services, which is based on 2 per cent of members' revenue, brought in only £5.5m last year, compared with £5.6m the previous year. And with the cost of providing the services increasing by 13 per cent, surplus on general services fell to £17,000 from £1.4m.

After tax surpluses were also hit by an 11 per cent increase in administration and property costs—salaries rose by around a quarter—and by the £2.8m provision against development costs of Talisman, the new settlement system. As a result net surpluses fell sharply from £4.7m to £1.2m.

In the first few months of the current year the Stock Exchange has also been bearing the extra burden of providing a Stamp Duty office during industrial problems at the Inland Revenue.

Nevertheless the Stock Exchange Council professes itself satisfied with the surplus, which is better than was expected at the beginning of the year. It repeats its promise to reduce the general charge to 1½ per cent of chargeable revenue in August if Talisman is successful.

Mr. Nicholas Goodison, the chairman, reports on a particularly active year in his annual statement. Apart from Talisman, the greatest energy has been spent on the Stock Exchange's case against the Restrictive Practices Court and

in preparing a new listing agreement. The first year of traded options has been encouraging. In spite of "one or two depressing days" contracts have averaged 777 a day with a peak of 4,391 at the end of March.

Issues still to be resolved include the problem of international dealings where members are pressing for freedom to compete with firms which can act as both broker and principal. The Council warns that "no easy solution has yet been found."

Turning to general and political issues, Mr. Goodison said he would welcome the Government "taking a leaf out of the French book" and introducing fiscal incentives to investors.

He noted that the tax relief proposals for profit-sharing

schemes were already meeting an encouraging response. With 10 schemes a week going forward for approval to the Inland Revenue, it was likely that the number of smaller shareholders could increase substantially over the next few years.

Member firms should increase their services to such shareholders but the real impetus would come from a "strong pound and a strong economy, so that companies' prospects are improved."

At present, as a result of "profligacy," Mr. Goodison said, "our industrial base can no longer support our social aspirations." He warned that the country was in danger of "squandering the windfall of North Sea oil" and so "proving we never deserved to have it."

one aspect of the year's commercial aircraft decisions which is less than satisfactory.

"It is difficult to see that it can be to Britain's long term interest if the publicly owned airline and flag carrier is too heavily dependent upon the American manufacturing industry."

"Judging from all the past experience, which has included some mistakes, I believe that if we are to develop all our national air transport and aerospace resources to the full, it would be sensible in the future for a much more constructive discussion to take place between the UK air transport, aero-engine and aircraft manufacturing interests in the public sector than has been evident in the year under review."

The group is also to hold detailed discussions with the Iranian Government soon on the termination of that country's big Rapier missile contract with the U.K., following the revolution under the Ayatollah Khomeini.

Further discussions are also to be held soon in Paris between British Aerospace and the other members of the European Airbus Industrie organisation, on another new type of civil aircraft for the future in the 130-180 seat, short-to-medium range category.

State share sale likely. Page 10

Major procedure changes likely in first session of Parliament

BY IVOR OWEN, PARLIAMENTARY STAFF

MAJOR CHANGES in the procedure of the House of Commons, starting with a strengthened select committee system, are expected to be introduced in the first session of the new Parliament.

The momentum for reform, already apparent in all the political parties before the general election, is likely to be given fresh impetus by the 74 new MPs at Westminster, 61 of them Conservatives.

This influx of new blood, and the new Government's commitment to reform could be a decisive factor.

A framework for radical reform was established by the first report of the House of Commons Select Committee on Procedure, published last year, which advocated 12 departmentally related Select Committees to "shadow" each of

the key ministries in Whitehall. The prime objective, widely shared by backbenchers of all parties, is to strengthen the hand of the Commons in exercising control over the Government, particularly in public expenditure.

Mrs. Margaret Thatcher and her new Cabinet are expected to support this by asking the National Enterprise Board and the British National Oil Corporation to open their books to the scrutiny of the House of Commons Public Accounts Committee.

This committee will continue to operate largely as before, although, with the change of government, it will have a new chairman to replace Mr. Edward du Cann who has presided over it since 1974.

It is a convention that a senior MP from the major

Opposition party chairs the committee, and the choice usually falls on a former Minister with Treasury experience.

Mr. Joel Barnett, former Chief Secretary to the Treasury, is an obvious candidate, with Mr. Robert Sheldon, the former Financial Secretary.

The wider issues involved in making fundamental changes make it inevitable that further lengthy debate and a series of divisions will be required.

Opposition to the changes in procedure will almost certainly be led by Mr. Michael Foot, the former Leader of the House, who has consistently warned that an enhanced status for select committees could undermine the role of chamber of the House of Commons as the focal point of the British parliamentary system.

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UK NEWS

Britain's households decline in size

By Our Consumer Affairs Correspondent

THE SIZE of British households continued to fall in 1977 according to the report of the General Household Survey, published yesterday.

The survey, of 25,000 adults throughout the country, revealed that the average household size fell from 2.91 people in 1971 to 2.71 in 1977. This largely reflects the increase from 17 to 21 per cent in the proportion of households with one person living alone.

Between 1971 and 1977 there was a decrease from 14 to 11 per cent of households with five or more members, due to the trend towards smaller families.

Since more women than men live beyond the age of 65, elderly women were three times as likely as elderly men to be living alone. In 1977 almost a quarter of households in Great Britain occupied flats, reflecting the 40 per cent of people aged 60 or over living alone in flats.

Some 44 per cent of all households had a car, while one in 10 had two cars. Only 1 per cent of the survey had three or more cars.

The survey also showed that part-time working by women with dependent children continued to increase, from 28 per cent in 1971 to 35 per cent in 1977.

New figures about male unemployment show that about 10 per cent of men aged between 18 and 64 had been unemployed at least once in the 12 months before they were interviewed.

One in four of those who had been unemployed in the previous 12 months was earning less than £40 a week when working.

The most popular forms of recreation in 1977 were home-based or social. Apart from television, watched at least once in the four weeks before being interviewed by some 97 per cent of the sample, listening to the radio and entertaining or visiting friends or relatives were the most popular activities of nine out of 10 of the survey.

Next most popular were listening to records, gardening, going out for a meal or drink, reading books and, among women, needlework or knitting. General Household Survey 1977, SO, 47.25

Electronics industry 'short on skills'

BY MAX WILKINSON

THE PROGRESS of Britain's successful capital electronics industry is threatened by shortages of skilled manpower, says an industrial strategy report published today.

The report, from the National Economic Development Council sector working party on Radio Communications, Radar and Navigational Aids, says the industry has doubled its balance of payments surplus since the end of 1975 to £273m.

The industry's sales in 1977 were just under £1bn, of which about half were exported. The UK's share of the world's \$7.9bn trade in this sector has increased to just under 10 per cent, with a workforce of about 94,000 people.

Although the industry's record has been successful for the last few years, the working party says: "The main constraint on the ability to expand production and take advantage

of this trend is a critical shortage of manpower with certain skills, most particularly software specialists. These shortages are likely to become worse as time goes on."

The report estimates that the industry is at present short of some 9,100 people—2,700 craftsmen and operators and 6,400 qualified and technical staff. A sample of companies would like to employ a third more computer programmers and analysts and a quarter more technical authors.

Some of the shortages of manpower could be alleviated by increases in automation and the deskilling of routine operations. Government assistance might be needed to encourage companies to invest in computer-aided design equipment.

The working party says that

public sector purchasers should have a careful regard for the health of the industry when ordering equipment. In particular, products developed for a UK customer should be designed with a view to a possible export.

The working party also says that the public sector should refrain from importing products for which the UK industry has established or would like to establish a manufacturing capability. The Department of Health and British Aerospace are singled out for this advice.

A survey relating to the productivity of 43 plants covering two-thirds of the sector's employees yielded results which the report says were "not entirely reassuring." The performance of the best UK companies was as good as any in the world, but the rest could benefit from better management techniques.

Building industry still very depressed

By Andrew Taylor

THE RECENT improvement in construction industry demand and output may now be showing signs of spilling over into the highly depressed public works sector, according to the latest Federation of Civil Engineering Contractors survey.

The federation survey of workloads for the three months to the end of April shows that a considerable proportion of contractors is enjoying a higher level of demand than for some time.

But it warns that improvements are only slight and "there are still firms which are doing no better than they were 12 months ago."

The underlying picture is still of a highly depressed industry and there is no hard evidence to suggest any major uplift in public spending on new construction. "We would hope the new Government will increase spending on new building," the federation said.

While workloads had risen, the value of contracts in real terms was lagging behind. Competition for new work remained intense and profit margins were tight. Any increase in the value of contracts had done no more than compensate for increased overheads and the effects of inflation.

The survey shows that 41 per cent of companies enlarged their order books during the last six months while 49 per cent said orders were higher than a year ago.

Concern

As a result less plant was standing idle than at the same time last year. But the survey warns that some of the improvement, at least, may be due to "firms making up for lost time after the recent bad weather."

The federation remains concerned about the longer term prospects for contractors. It says: "Estimates of trends in workload show that many contractors expect the level of new orders to decline, but repair and maintenance is a more buoyant area."

The federation's annual report, also published yesterday, stresses that there must be an improvement in the level of Government capital spending if the industry is to see a real recovery.

It says: "Such relief as has occurred has been extremely patchy. It is evident from reports received from individual firms that serious harm is still being done to the industry as a result of the decline. Some firms may have been pushed by circumstances to make bids that would have been considered grossly uneconomic in normal times, purely to maintain a flow of work and retain labour forces."

The gentle upturn revealed in our recent survey is welcome but it cannot yet be regarded as the beginning of a full recovery."

Lord Allan

A MEMORIAL service for Lord Allan of Kilmahew will be held on Wednesday, May 30, at St. Margaret's Church, Westminster, at 11 am.

Lord Allan, formerly Mr. Robert Allan, died in Australia on April 4, aged 64. He was due to retire from the Pearson Longman Board this summer.

CBI urges more British commitment to Europe

BY MAURICE SAMUELSON

AS CAMPAIGNING started yesterday for the first direct elections to the European Parliament, the Confederation of British Industry appealed for deeper British commitment to European integration and for the EEC to regain the momentum of earlier years.

Mr. John Greenborough, CBI president, said the last Government had been "equivocal" towards the EEC. He welcomed the pledges of Lord Carrington, the new Foreign Secretary, to "repair" Britain's links with the rest of the Community.

Mr. Greenborough and other CBI chiefs were speaking at the launching of a CBI leaflet, sent to all candidates for the elections to take place on June 7.

The UK will have 81 seats in the European parliament, of which three will be elected by proportional representation in Northern Ireland. The 78 constituencies in England, Scotland and Wales range in size from just over 300,000 electors to nearly 800,000.

The leaflet and a new CBI handbook reaffirm the belief in the need for a European economic and monetary union, "with a unified market inside a single currency area, where major economic decisions are taken collectively by the Community."

"Britain must play a decisive role in this; its voice must be heard loud and clear in the



MR. JOHN GREENBOROUGH
President of the CBI

advocacy of a real Community."

The CBI says recent economic progress of the EEC has been slow. But Britain's economic dependence on the EEC was shown by the fact that 38 per cent of her exports went to other member States.

To make progress:
● non-tariff barriers, a form of "disguised protectionism," must be swept away;

● laws and taxes where appropriate should be harmonised;
● the right conditions for Britain to join the European Monetary System must be established; and

● the EEC budget, which is "out of kilter," must be reorganised, and the Common Agricultural Policy reformed. However, the proposed enlargement of the Community to include Greece, Portugal and Spain would widen the economic gaps between member States and might result in a two-tier community. "Such a development, unless carefully managed, might seriously check the integration of the EEC."

Sir Donald MacDougall, the CBI's chief economic adviser, said he doubted the feasibility of an early British accession to the EMS until inflation rates between member States began to converge. Instead of widening as at present the CBI hoped for greater action on this both at national and EEC level.

Other officials noted that many of the British candidates have had a "good deal of industrial experience." Three of the Conservative candidates were members of the CBI's European committee.

THE EEC, A Handbook of CBI Policy, 21, Tottenham St., London, SW1H 9LP; £2.50
Editorial comment, Page 18

Mining machinery sales show a rise

BY JOHN LLOYD

SALES of mining machinery rose in the first half of last year in both the home and export market after three years of decline, according to a report from the mining machinery sector working party of the National Economic Development Council.

The sector's major objective, set out in the working party's report of December, 1976, was a doubling of the 1975 export figures of £41m. However, in real terms, export trade declined in 1976 and 1977.

The current report comments that while the £100m order for machinery from China received last year "will ensure that performance in 1979 will not be incompatible with the total export growth necessary for the achievement of the export objectives," export sales are still not on a general upward trend.

"The industry reports that export orders are now level and it seems likely that unless there is an unexpected resurgence in the world market, the achieve-

UK MINING MACHINERY SALES (£1m)

	Total sales production	Export as % of sales production
1975	294.9	41.1
1976	331.6	42.4
1977	360.7	45.6
	Total sales at constant 1975 prices	Exports at 1975 prices
1975	294.9	41.1
1976	284.5	35.6
1977	268.3	32.8
1978	(first half 167.9)	16.2

ment of the export target relies on a number of large contracts being won in the face of strong international competition."

Besides China, the U.S. is identified as a major market opportunity for UK manufacturers, in part because the doubling of U.S. coal production called for by 1990 (from 550m tonnes to more than 1,000m tonnes) will require longwall mining machinery, in which the UK is the world leader.

Academy's exhibition charges up

By Antony Thornicroft

THE Royal Academy's Summer Exhibition, which opens on May 19, will cost artists and the public more this year. The price of admission has been increased from 90p to £1 and artists will have to pay 20 per cent commission rather than 15 per cent of the value of any work sold.

The rise is to cover increasing maintenance, running expenses, insurance and security. The Royal Academy also needs more revenue because of the loss on the Gold of El Dorado exhibition, which failed to recoup its £750,000 investment. The Academy was a backer.

● The finest collection of French furniture to appear at auction for almost a century comes under the hammer at Monte Carlo next month in a sale organised by Sotheby's.

The collection belongs to a Middle Eastern businessman who acquired it from the Wildenstein family of art dealers in 1977.

Continuity is Tory aim in Wales

By Anthony Moreton

ONE OF the key words at the Welsh Office under its new Conservative administration is likely to be continuity.

It has been said yesterday that Mr. Nicholas Edwards, Secretary of State, would differ from his Labour predecessor more in style than in content.

Boostered by a very large increase in their vote throughout the principality and the capture of three seats, two from Labour and one from the Liberals, the Conservatives now believe they are in a position to put their own gloss on affairs while continuing those aspects of the previous administration's policy, such as road building, with which they agree.

Both Mr. Edwards and his two parliamentary assistants, Mr. Wyn Roberts and Mr. Michael Roberts met the press in London as their first public performance.

TUC meeting
Mr. Edwards, who is the first Conservative Welsh Secretary of State to sit for a Welsh constituency, would not be drawn on specific aspects of policy, but it is clear that he hopes to meet the TUC in Wales soon. He is to take responsibility for policies concerning the economy, industry, Europe and electricity.

Mr. Wyn Roberts, who speaks Welsh, will look after matters concerning the Welsh language together with health, local government, housing, the arts and tourism.

Mr. Michael Roberts has general responsibility for planning, transport matters, education, the countryside and sport.

Atkins gives justice pledge for N. Ireland

BY OUR BELFAST CORRESPONDENT

MR. HUMPHREY ATKINS, the new Secretary for Northern Ireland, said from Stormont yesterday that he would not relax the efforts being made to bring terrorists to justice.

Given that he had only been in the province for about 12 hours, Mr. Atkins made an understandably low key, first public statement. There was no mention of the pressures which are said to have been exerted recently by senior army commanders for selective internment without trial of known terrorist leaders.

Mr. Atkins said too many people had suffered including his close personal friend, the late Mr. Airey Neave. His appointment to the difficult post has been greeted mildly if cautiously in Ulster. He appealed for the help and

support of all sections of the community in reconciling different viewpoints for the common good.

Although reticent about answering questions, Mr. Atkins did say that the bipartisan approach to the Ulster problem should continue because it had been of great value in the past.

Before returning to London he met army and police commanders and senior civil servants at Stormont for briefings.

He is expected to arrange introductory talks with the political parties within a few weeks. However, he may find that hard lines—in the shape of the Rev. Ian Paisley's Democratic Unionists—are in no mood for compromise, having increased their Westminster representation to three seats.

Jobs record for Ulster development unit

BY OUR BELFAST CORRESPONDENT

THE GOVERNMENT'S small agency in Ulster, the Local Enterprise Development Unit, promoted a record number of 1,285 new jobs in the year to March 31. Mr. Colin Anderson, its chairman, said in Belfast yesterday.

The unit, which was established in 1971 to help to set up and foster the growth of companies employing fewer than 50 people, slightly exceeded its target of 1,200, but it found the cost a job had

risen by 17.7 per cent to £4,179. The agency said that last year 82 per cent of the jobs promised were created, well up on the previous year's 71 per cent. About a third of the new jobs promoted came from expansions of companies already assisted.

With about 36 factories and workshops under construction, the agency expects a further improvement in the present year.

State airway share-sale likely

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

OFFERS TO private investors of shares in British Aerospace and British Airways are among important changes in aviation policy that may be expected during the life of the new Government.

The "guidelines" to the Civil Aviation Authority for licensing airlines are likely to be strengthened to encourage greater participation by private independent airlines in the UK civil aviation sector.

Overall, the aerospace industry may also expect to benefit substantially in the longer term from the Tories' intent to spend more on defence, which means more on conventional weapons such as combat aircraft and guided missiles.

The Tories are not thought likely to try to sell back Rolls-Royce to private enterprise, at least for a long time. Conservative Party aviation spokesmen have suggested that, to reduce State intervention in industry, the sale of shares in British Aerospace and British Airways, both State-owned, to outside investors, on the British Petroleum model, would be likely.

Cash
That would be preferable to attempts to break up the organisations by hiring out parts. That it is recognised would damage the industries concerned and disrupt good relations with the trades unions.

Another factor against breaking up BAE and BA is that few organisations would be willing or capable of buying outright big units such as the Dynamics Group of British Aerospace, and of injecting into them later the

large cash sums needed to keep them alive.

Such is the aerospace industry's need of large-scale investment in new aircraft and engine programmes that much Government cash support will be required for a long time to come.

Although many Conservative MPs have privately expressed distaste for some current programmes, such as the BAe 146 feeder-liner, they will not press for outright cancellations of such ventures until they have been given a chance to prove their viability.

That applies particularly to Rolls-Royce, where the £250m Dash 535 engine programme was recently criticised in an internal Whitehall memorandum between the Treasury and the Department of Industry.

Orders
Sir Kenneth Keith, chairman of Rolls-Royce, has in recent months ensured that Mrs. Thatcher is aware of the importance to the company of that and other large programmes, and he is believed to feel that Rolls-Royce will not be interfered with by the Conservative Government.

That Sir Kenneth considers vital if Rolls-Royce is to be able to build on the success of the big orders for the Dash 535 already won, and which he believes will be multiplied extensively in the next year or two.

The rest of the aerospace industry, at management and worker level, believes that any further political disruption of the industry would be disastrous for exports, at a time of rapidly expanding world markets.

Few immediate changes are likely to civil aviation regulatory policy, beyond measures to encourage more private enterprise and competition in the airline business.

Some big decisions will soon be needed, however, on airports policy, such as whether to permit the fourth passenger terminal at Heathrow; whether to proceed with the public planning inquiry for the second terminal at Gatwick; and what to do about a third main airport for London as a whole.

Mr. Heath's Government strongly supported the Maplin plan for an airport on reclaimed land off the Essex coast. That was cancelled by the Labour Government in 1974 on grounds of cost, but it left airport congestion in the South-East unresolved.

Since then, that has grown worse and decisions on new airports and terminals are urgent. They must be taken this year if London and the South-East are not to run out of airport capacity by the early 1980s.

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IRELAND The overall economic conditions provided a base for good growth in all our business areas with limited exceptions.

U.K. After a promising first half the latter part of 1978 proved to be extremely difficult, particularly in view of the lorry drivers' strike in the last month of our financial year.

U.S.A. A year of consolidation where much of the effort required to return

FINANCIAL HIGHLIGHTS

	1979	1978
Turnover	190,986	175,686
Pre-tax Profits	16,022	15,977
Taxation	3,275	4,838
Profit after Tax and Minority Interests	10,391	9,182
Dividends:		
Paid	1,352	1,198
Proposed	2,823	2,314
	4,175	3,512
Earnings per ordinary share	21.8p	19.3p

our interest there to targeted profit levels was undertaken. Extreme weather conditions penalised us heavily.

THE FUTURE Indications are that the current year will be a fair one for the Group. Capital expenditure will again be at a substantial level.

RIGHTS ISSUE The Directors propose to raise £11.48 million by way of a Rights Issue. The Directors believe that it is now the time to raise additional equity capital to maintain the Group's flexibility and its ability to continue its expansion and development. Members of the Board and the two largest Irish shareholders, Irish Life Assurance Company and New Ireland Assurance Company, have agreed to subscribe for 1,948,000 shares and the balance has been underwritten.



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Civil servants threaten action on 'victimisation'

BY PHILIP BASSETT, LABOUR STAFF

CIVIL SERVANTS yesterday threatened further industrial action if there was any "victimisation" of staff who took part in the recent strike campaign over pay.

All nine Civil Service unions last week formally accepted the pay deal which will give increases by January averaging 25 per cent and set up negotiations with the Civil Service Department over its insistence that for the period of their action strikers should lose their seniority, which can be important for promotion.

But the Society of Civil and Public Servants, at its annual conference in Brighton yesterday, went further than its executive's agreement in its departmental talks by instructing the executive to take industrial action, if necessary, over "prejudicial action" against civil servants.

Mr. Gerry Gillman, general secretary, said the society was not going to allow any victimisation of those members who bore the brunt of the pay struggle. There would be no agreement to clear the backlog of work from the strike while

"this pig-headed and vindictive attitude" remained.

Delegates censured the executive for its handling of the return to work of members in the Scottish Office who were suspended during the pay campaign for refusing to take on work normally done by those on strike.

A motion calling for the resignations of Mr. Gillman and Mr. Campbell Christie, deputy general secretary, for their part in the pay settlement was withdrawn, however, and the executive staved off further censure over pay, seniority and suspension.

Defence

Mr. Gillman put forward a spirited defence of his and the executive's position in reaching a quick pay settlement before the general election.

He said: "Mrs. Thatcher has come to power on a programme of tax cuts financed by public expenditure cuts and buttressed by a policy of being tough with the unions. I don't believe she would have been softer with

striking civil servants than Mr. Callaghan had been."

He warned against the "tragedy" of falling into "petty squabbling" in the face of the challenges posed by the new Government. The arena of battle for the Civil Service under the Conservatives was likely to shift from pay and incomes policies to staff cuts.

As the realities of office crowded in on Mrs. Thatcher, she would realise that the new government's policies of strengthening defence, law and order measures, immigration control, and changing social security benefits for strikers and others, would be bound to lead to an increase in civil servant numbers, Mr. Gillman said.

Mr. Alan Shute, assistant general secretary, said the message to Mrs. Thatcher was that if she thought it was firm government to bash the Civil Service then she would face firm opposition from society members.

Delegates also registered their opposition to any proposals to make strike action illegal and condemned the general council of the TUC for failing to support public service workers in their campaign against government pay policy last winter.



Freddie Mansfield

New team takes over

Mrs Thatcher's new team at the Department of Employment started work in St. James's Square, London, yesterday. They are (left to right): Lord Gowrie, Minister of State; Mr. Patrick Mayhew, Parliamentary Secretary; Mr. James Prior, Secretary of State; and Mr. James Lester, Parliamentary Secretary.

New Times plan put to NGA

BY OUR LABOUR STAFF

LEADERS OF the National Graphical Association will consider new proposals tomorrow for ending the dispute that led to the suspension of Times Newspapers publications more than five months ago.

They represent the first real ground for hope that a settlement will be reached between the two sides since talks broke down nearly a month ago.

Union discussions are expected to centre on the possibility of NGA members operating the keyboards when feeding in original copy while journalists make corrections and changes on "live" visual display terminals.

School work-to-rule 'for another week'

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

SCHOOL DISRUPTION by 370,000 schoolteachers in England and Wales will continue for at least another week, according to Mr. Fred Jarvis, general secretary of the National Union of Teachers, yesterday.

Mr. Jarvis, who leads the unions' panel of the Burnham pay-negotiating committee, said in London that he had been in touch with the local education authorities and the Department of Education and Science to press for an early meeting on the dispute over the union's 36.5 per cent claim.

But the Government wanted time to consider the 9 per cent cash offer and the terms for reference of the claim to the Pay Comparability Commission, which led Labour Ministers to suspend negotiations 12 days ago. Thus, no Burnham meeting was likely until the beginning of next week at the earliest, Mr. Jarvis said.

Meanwhile the 258,000-member NUT continued its withdrawal from non-teaching work in support of all-round improvements to the offer, including a reference of the 36.5 per cent claim requiring the commission to base its study on the favourable pay relativities accorded to teachers by the 1974 Houghton Report.

The 112,000-member National Association of Schoolmasters' and Union of Women Teachers' began its five-hour day working with the aim of having the dispute sent to normal arbitration, in opposition to the wishes of the NUT and the four other unions represented in the Burnham Committee.

Schools were also affected in Scotland as 3,500 members of the Scottish Schoolteachers Association started a work-to-rule over the 42.5 per cent claim from teachers north of the Border.

But the 47,000-member Educational Institute of Scotland continued to work normally, explaining that there was no sense in taking action before the new Government had shown its hand.

In London, the 20,000-strong National Association of Head Teachers sent a letter to 10 Downing Street, asking Mrs. Margaret Thatcher to intervene and to press Mr. Mark Carlisle, Secretary for Education and Science, to review the Burnham procedure for negotiating the pay of the 482,000 State school teachers in England and Wales.

The Burnham machinery, under which the NUT controls the unions' panel and minority interests are not allowed to speak in full meetings of the committee, is in part to blame for the present disruption.

Post Office offers union new pay talks

BY OUR LABOUR STAFF

THE POST OFFICE told the Union of Post Office Workers yesterday that it was prepared to enter further discussions on certain parts of the offer rejected last week by union ballot.

At a meeting with the union, whose members rejected the 12 per cent offer on a vote of more than 5-1, the management said it was prepared to enter further negotiations on efficiency clauses in the offer.

These clauses, which include greater use of casual and part-time labour and more efficient methods of measuring work, were the principal reasons for the rejection of the offer.

The Post Office also said that

it was prepared to negotiate on a number of other issues including pay restructuring. In the meantime it would implement basic pay increases included in the offer. A settlement for the 190,000 postal workers was due on January 1.

The Post Office said the offer was made up of 8 per cent on basic pay, 8 per cent consolidated on some supplements and 8 per cent, unconsolidated on certain allowances.

The union, whose executive was discussing the Post Office's new position yesterday, regards the productivity clauses as dead.

Restructuring bid to end telephone bills strike

BY PHILIP BASSETT, LABOUR STAFF

THE POST OFFICE board will hold a special meeting today on pay and the effects of strike action by computer and clerical staff which has halted the issue of telephone bills for more than a month.

The board will hear a report on new pay proposals which were put to all six unions, representing 200,000 telecommunications workers last week. The proposals involve major restructuring of the grades and a move to a common settlement date in July.

The Society of Civil and Public Servants, which represents about 8,000 Post Office staff, has rejected the offer of a 9 per cent increase, with further rises of 2 1/2 per cent for those with an April settlement date and average increases of 5 1/2 per cent for the grade restructuring.

The society plans to step up its campaign of selective strike action next week. Union officials estimate that about £200m Post Office revenue has been delayed since the action started last month.

The strike, in support of a 25 per cent claim, involves about 100 members. Members of the 37,000-strong Civil and Public Services Association are also taking action.

The annual conference of the society, representing mainly Civil Service staff, yesterday pledged its full support to Post Office members.

Officials of all Post Office unions representing telecommunications grades, will attend a meeting on Friday to be chaired by Mr. Anthony Carter, Secretary General of the Council of Post Office Unions.

Poll candidates 'turned away by six companies'

SIX PROMINENT British companies were accused yesterday of refusing parliamentary candidates the opportunity of addressing workers at some of their southern plants.

Mr. Tod Sullivan, national secretary of the white collar section of the Transport and General Workers' Union, said that the companies were Whitbread, Electrolux, SKF, Brown Boveri, Vauxhall Motors and Chrysler.

In a letter to the chief executives of the six companies, Mr. Sullivan said that during the election he acted as the liaison officer for the trade unions in Luton, where it had been the practice in a number of the main political parties to address the workforce during meal breaks or to visit the plants during the election campaign.

"In this election, every one of your companies refused permission for candidates in the Luton East and Luton West constituencies to visit your plants.

We were told that this was an executive decision, and yet candidates in Ellesmere Port visited the Vauxhall plant and candidates in Coventry visited Chrysler at Ryton.

"In fact, the only company in Luton which allowed the candidates to visit its plant was Laporte Industries, and that visit arose from a request by the local Conservative candidate," he said.

"I am shocked and surprised that companies which should be seeking to defend democracy have acted in a way which diminishes democratic discussion during an election period. It is no excuse to declare that the National Front and Communist Party had candidates in the area: as private organisations have the right to limit the candidates visiting a site to the three main parties," said Mr. Sullivan.

"Whatever the result in Luton, I believe that democracy has been diminished by your attitude and actions."

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Sales		
Sales	£894m	£860m
Exports	£487m	£536m
Order book	£2,951m	£2,283m
Profits		
Trading profit	£79m	£75m
Profit	£60m	£63m
(after new project launching costs of £11m (1977 £5m) and loan interest)		
Net profit after tax	£29m	£29m
Assets		
Assets employed	£322m	£285m
Return on assets	26%	27%
New investment		
(Financed entirely by funds generated internally)		
Fixed assets	£28m	£18m
Work in progress	£56m	£8m

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	1978	% INCREASE
Sales	£173.5m	+29%
Profit before tax	£18.1m	+23%
Earnings per share	12.53p	+18%
Dividend per share	3.85p	+30%

"The Group showed its resilience and the breadth of its base in bringing in these results.

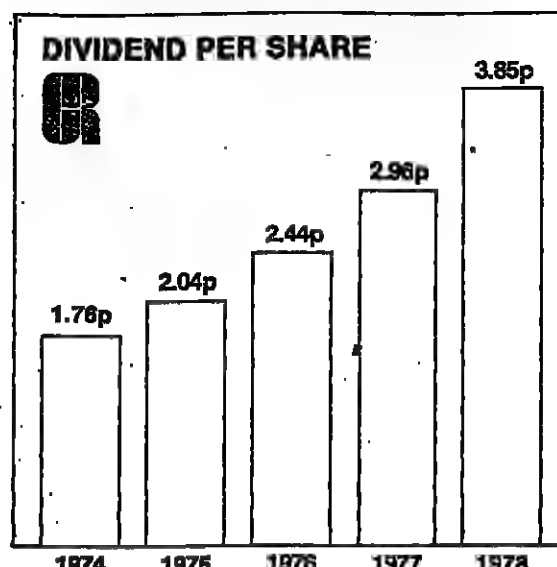
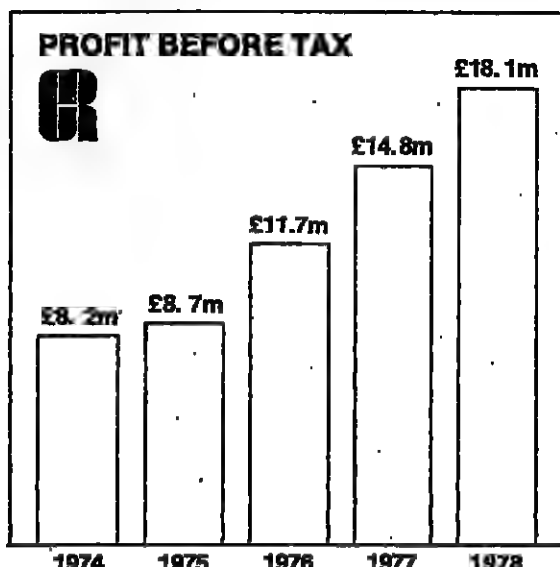
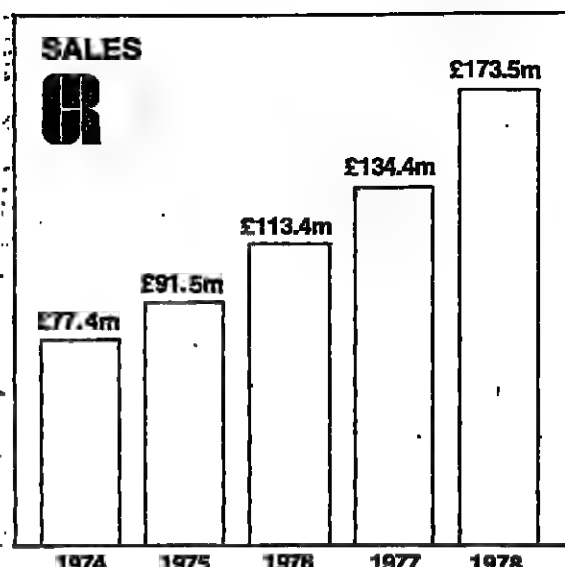
Good progress has been made in reaching a balanced spread of investment both in product terms and geographically. £29.2m successfully raised by the Rights Issue will

improve the Group's ability to develop further.

Provided we enjoy stability in the working environment we expect to maintain good growth.

All in all the year ahead looks promising."

Michael J. Dargan, Chairman.



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APPOINTMENTS

Metal Box group changes

Sir Alex Page, chairman of Metal Box, having reached retirement age, will be retiring as chairman and from the Board at the conclusion of the annual meeting on July 27. Mr. D. B. Haffam, vice-chairman, will be retiring from the Board on the same date.

The new chairman will be Mr. D. L. Allport, at present deputy chairman, who will also be chief executive. On June 1, Mr. Allport will relinquish his position as managing director and be succeeded in that post by Mr. R. J. W. Frost.

From July 28, Mr. J. G. Gilbertson and Mr. J. G. Hodder will become vice-chairman of the company and Mr. Hodder will be replaced as secretary of the company by Mr. D. J. Piper. Organisational changes effective from June 1 are being made. Responsibility for operations is being vested in divisions, each managed by a main Board director. These divisions replace the three operating companies, Metal Box Packaging, Metal Box Diversified Products and Metal Box Overseas.

The divisions and their chairmen will be: Metal Box Open Top, Mr. B. N. Gilson; Metal Box General Line, Mr. R. M. O. Stanley; Metal Box Paper and Plastics, Mr. P. B. Blackwell; Metal Box Overseas, Mr. L. R. M. Willis; Metal Box Steel Group (Metal Box), Mr. R. G. A. Haynes; Metal Box Engineering, Mr. D. H. O'Shaughnessy; and Metal Box Research and Development, Mr. C. I. Mellor.

Additionally, Mr. Mellor has been appointed corporate strategy director and Mr. O'Shaughnessy, technical director. Mr. J. E. R. Sieve continues as finance director and Mr. W. Barclay as personnel director.

Mr. John Perry has been appointed president of the DIVERSEY CORPORATION, succeeding Mr. George Hunt, who continues as consultative director. Mr. Perry joined Diversey in the UK in 1959, becoming managing director in 1974. In 1977, he transferred to the corporation's Chicago headquarters where he suc-

sively held the position of vice-president-marketing and executive vice-president. Mr. Hunt had been president since 1969. Mr. Bert Preston has become senior vice-president, adding the Middle East, Africa and the Far East, to his existing European responsibilities. Mr. Ron Thompson has been made assistant vice-president with special responsibilities for Diversey's operations in the Middle East and Africa. Mr. Mark Steer is now managing director of Diversey Limited and Mr. Jack Taylor joins the Board of that company.

COSTAIN has made the following changes in membership of subsidiary boards: Costain UK - Mr. R. G. Alexander, Mr. C. T. Kemp, and Mr. J. P. South; Costain Civil Engineering - Mr. Alexander, managing director; and Mr. C. Brown, director; Costain Construction - Mr. R. Chapman and Mr. M. Quirke, directors.

Mr. G. T. Holdsworth, deputy chairman and managing director



Mr. G. T. Holdsworth

Region, will also take on responsibility for the North West Region. Mr. John A. Geoghegan has been elected a director of Barclays Bank of New York and Mr. Arthur J. Geoghegan, vice-chairman, has retired from the Board.

Dr. H. C. Keshner, partner in the Cologne-based private bank Sal. Oppenheim Jr., Und Cie, has taken over as president of the BUNDESVERBAND DEUTSCHER BANKEN, the West German private sector banks association.

Mr. John N. Archer has been nominated for appointment to the post of managing director of the INTERNATIONAL TANKER OWNERS POLLUTION FEDERATION, subject to confirmation by the board at its annual meeting on May 15. He will retire from the British City Service and take up his new work early in July. Mr. Archer, at present an Under Secretary in the Department of Trade, will be appointed to succeed Mr. A. S. M. Retherington who is retiring later this year as managing director of the federation.

Mr. A. M. Mason and Mr. R. V. Wright will retire from the Board of RECKITT AND COLMAN after the annual meeting on May 31. Mr. Mason was chairman for 1970 to 1977, and has been with the company for 41 years. Mr. Wright joined the group 32 years ago and was responsible for a very large part of the overseas business.

Mr. R. E. Stephens has been appointed to the Board of HOGG ROBINSON AND GARDNER MOUNTAIN REINSURANCE, part of the Hogg Robinson Group.

JOHANSSON GROUP OF SWEDEN has appointed two new directors, Mr. Sven-Olov Brax (with responsibility for European liner services) and Mr. Bjorn Ervill (overseas liner services).

Miss Leslie Field has been appointed editor of a new glossy monthly magazine called Panache, to be published in November by TRUST HOUSES FORTE. She has resigned as editor of The Tatler to start work on planning and design for the new publication, which will operate from 23-25 Fleet Street, London EC4, telephone: (01) 353 6861.

Mr. D. H. Roberts, formerly managing director of Plessey Microelectronics Division, has joined the GENERAL ELECTRIC COMPANY as director of research based at GEC-Hirst Research Centre, Wembley.

Mr. Cem N. Cezmici has been named vice-president and general manager of BANKERS TRUST COMPANY's branch in Bahrain. He was previously at the London branch, where he was vice-president and London group head for the Middle East/Africa Division.

Mr. Brian Cooper has become works director of WELLMAN MANUFACTURING. Mr. David Sedgwick, commercial manager, has been appointed to the additional position of secretary. The company is a subsidiary of Wellman Engineering Corporation.

SULZER BROTHERS (UK) has appointed the following divisional directors: Mr. R. W. Bowden, works (pump); Mr. C. Lennox, sales (pump); and Mr. L. E. Smith, (mechanical and process engineering).

Energy growth boosts fully diluted earnings to record \$4.30.

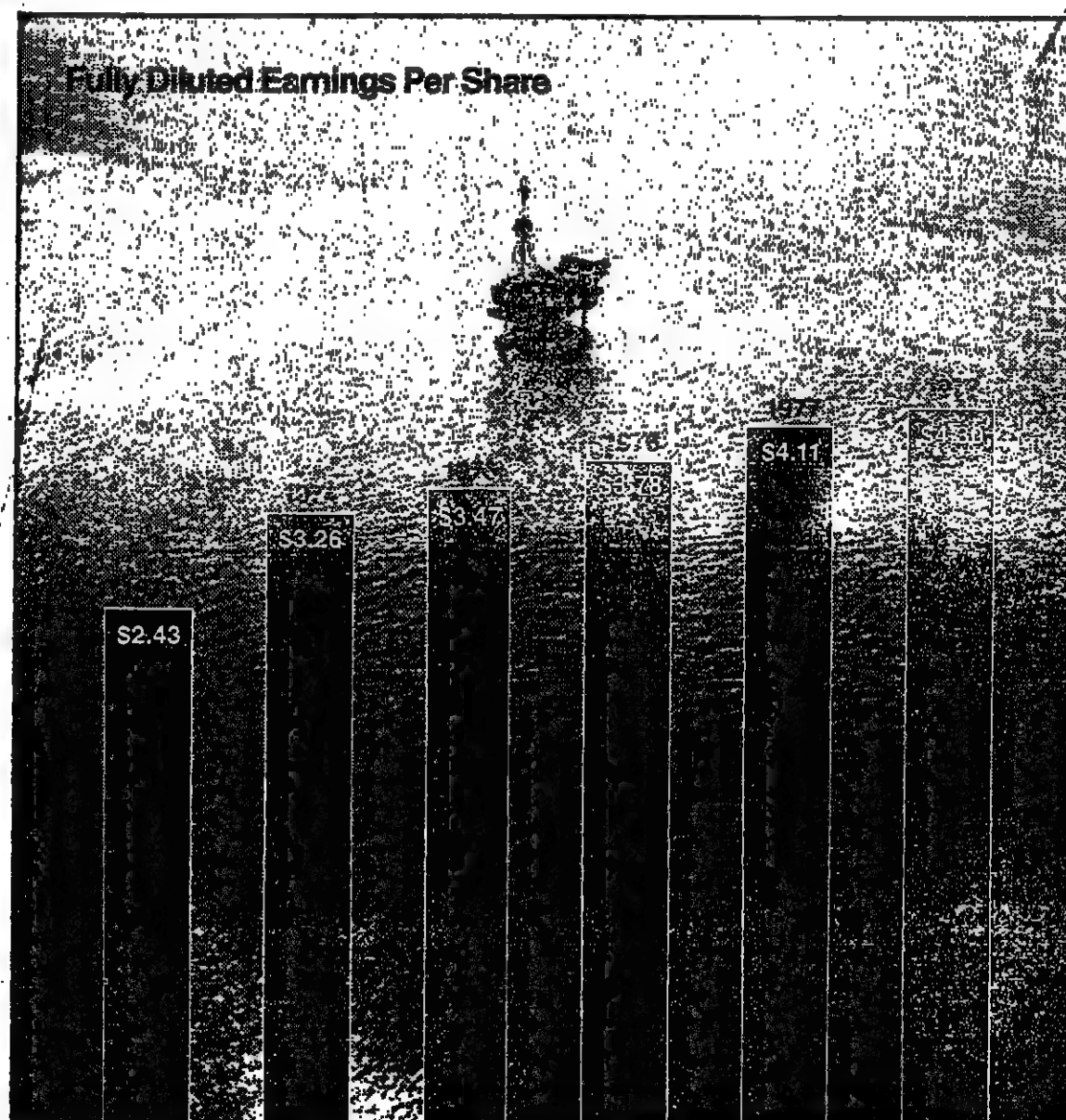
Tenneco's success in oil and natural gas played a major role in moving 1978 fully diluted earnings per share to \$4.30, topping five years of steady growth from \$2.43 in 1973. At the same time, primary earnings per share were increasing to \$4.53 on 96 million average shares outstanding, up from \$2.79 on 73 million shares.

Other record highs were set in 1978 as well. Net sales and operating revenues reached \$8.8 billion, up 116% from \$4.1 billion in 1973. Net income rose 94% to \$466 million from \$240 million five years earlier.

During that same 5-year period, capital expenditures increased 151% to \$1 billion and total assets climbed 81% to \$10.1 billion. In its 35th year, Tenneco is the youngest company in the nation's top 25 industrial corporations.

Tenneco's emphasis on energy has increased earnings from our oil and natural gas businesses by more than 172% since 1973; today energy generates two-thirds of the Company's income. Because the need and the opportunity are so great in this field, we will continue to invest most of our resources in energy for the foreseeable future.

We will also continue to strongly support our diversified



non-energy businesses—construction and farm equipment, automotive components, chemicals, agriculture and land management, packaging, shipbuilding and insurance.

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other profitable diversified businesses, well positioned for future growth.

For further information, write Tenneco Inc., Section X-2, P.O. Box 2511, Houston, TX 77001.

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UK NEWS

NEB's RECORD DEFENDED BY CHAIRMAN SIR LESLIE MURPHY

Plea to protect board from 'political dogma'

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

RESULTS OF THE NEB'S COMPANIES

	£m	£m
	Profit (loss) before taxation	Investment
SUBSIDIARIES:	1978	1977
BL	1.70	3.19
Rolls-Royce	11.89	20.35
Ferranti (now an associated company)	9.59	6.14
Herbert	(2.76)	0.13
Fairley Holdings	5.19	—
Cambridge Instrument	(2.35)	—
Data Recording Instrument	(0.38)	0.33
United Medical Enterprises	0.75	(0.04)
Sinclair Radionics	(1.98)	(1.29)
Systems Programming Holdings	0.33	0.04
Bull Motors	(0.47)	—
Mollart Engineering	0.20	0.19
Kelard Electrics	(0.01)	0.02
INMOS	(0.51)	—
INSAC Data Systems	(1.30)	(0.18)
Thwaites and Reed	(0.16)	(0.23)

	£m	£m
	NEB share of profits (loss)	Investment
ASSOCIATED COMPANIES:	1978	1977
Agemaspark	0.09	0.08
Aqualisa Products	(0.04)	(0.02)
Automation and Technical Services	0.02	—
British Tanners Products	0.35	(0.07)
Brown Boveri Kent	1.12	—
R. R. Chapman (Sub-Sea Surveys)	0.03	0.05
Computer Analysts and Programmers (Holdings)	0.30	—
Computer and Systems Engineering	0.16	—
Hydraroll	(0.03)	(0.01)
ICL	9.04	7.21
Mayflower Packaging	0.03	—
Monotype Holdings	(0.11)	—
Negretti and Zambra	—	—
North East Audio	0.02	—
Pakmet International	0.01	(0.01)
Powerdrive PSR	0.05	—
Sandiacre Electrics	0.04	—
Systems Designers International	0.03	—
Systeme	0.27	0.02
Technical Resources (Equipment)	—	—
Twinkl	0.29	(0.02)
Vicort of London	(0.02)	—
Held by subsidiaries	(0.25)	(0.03)

ASSOCIATED COMPANIES AND OTHER INVESTMENTS FOR WHICH PROFIT FIGURES ARE NOT AVAILABLE

	£m
ASSOCIATED COMPANIES AND OTHER INVESTMENTS FOR WHICH PROFIT FIGURES ARE NOT AVAILABLE	Investment
Duo Rubber and Engineering	0.16
The Energy Equipment	0.30
J. and P. Engineering (Reading)	0.15
Newtown Securities (Northern)	0.12
Technical Resources (Equipment)	0.34
BTB (Engineering)	0.03
Francis Shaw	0.75
Hemmings Plastics	0.10
Hird-Brown	0.40
F. W. Elliott (Holdings)	0.15

A STRONG defence of the National Enterprise Board's role as a "bridge between State-ownership and private entrepreneurial activity" was made yesterday by Sir Leslie Murphy, the board's chairman, when he announced that the organisation had made pre-tax profits in 1978 of £30.7m.

In the NEB's annual report and accounts, published yesterday, Sir Leslie also asked that the new Government should review the board's role without being influenced by political "dogma."

The NEB's operating profits for last year amounted to £114m before deducting the £14m cost of exceptional manpower reductions in BL and other extraordinary items which brought the final figure down to a loss of £41.3m. The operating profit compared with £101m in 1977, while the £30.7m profit figure compared with £34m and the £41.3m loss with a loss of £30.7m.

These results were described by Sir Leslie in his chairman's statement as "an advance on previous years." But he acknowledged some disappointment with an 11.3 per cent rate of return on capital employed for the NEB's activities, excluding the board's BL and Rolls-Royce subsidiaries.

The main message delivered by Sir Leslie in his chairman's statement was that the NEB should be allowed to continue with its work "free from doctrinal hostility." He suggested that "market forces alone" were not sufficient to save British industry being beaten by overseas competitors.

In his statement, written a month ago just as the general election campaign started, Sir Leslie pointed out that the newly elected Government would have to form a view about the future role of the NEB.

Continuity

He stated: "Perhaps I may be allowed to express the hope that it will do this objectively, not influenced by dogma either of the Left or of the Right and with a proper regard for the need for some degree of continuity of approach to the nation's industrial affairs."

Explaining why he believes that the NEB's entrepreneurial activities should not be pruned he wrote: "It may be asked why there is any need for the

NEB to be involved—either as an investor or as a moving spirit—in profitable sectors for which there is major market promise.

"It is a feature of the western world that governments of almost every major manufacturing country respond to public pressures to try to stimulate the pace and direction of industrial development.

"If we stand aside in this country and allow market forces alone to operate we shall be overtaken and displaced by those of our competitors who have learned the skills of forcing the pace of development and seizing the market opportunity by reinforcing commercial drive with the impetus of public financial support.

"If the UK is to respond, it is right to find the institutions appropriate to the task. I believe that in the NEB this country has created such an institution."

Sir Leslie said he believed that there had been a "growing acceptance" of the NEB last year. "The way in which we operate is commanding wider respect and a more general support. Quarters from which we once had criticism or indifference are now prepared to work with us to help launch new ventures."

Co-operation and joint projects had been set up with clearing banks. The NEB had set up its first joint venture with a major U.S. company. But it would take "several years" for the results of the NEB's work as a "bridge between State ownership and private entrepreneurial activity" to be reflected in its annual profits.

"I believe that 1978 has seen a considerable strengthening of that bridge and a recognition, free from doctrinal hostility, that in the UK such a bridge is not only necessary but beneficial."

Sir Leslie explained that in the past the NEB had been "rather coy" about its activities. This was "partly to avoid the trap of claiming success before it is assured and partly to avoid the danger of frightening people."

Now that the NEB had made some progress and was regarded with "less hostility" it had decided to spell out more detail on its activities.

The sectors in which the NEB is currently interested include automotive products, aero engines, computers and electronics (including software),

machine tools, scientific and medical instruments, office equipment, process control, telecommunications, power plant manufacture, construction and mechanical handling equipment, industrial engines, hydraulics, electronic test and measuring instruments, and offshore engineering," says the report.

In addition the NEB continues to seek ways of assisting the development and growth of small companies.

The report contains brief reports on each of the NEB's companies—which numbered 46 at the end of 1978. The ownership of BL and Rolls-Royce meant that automotive products and aero engines predominate, says the main report.

Progress

"But real progress is now being made in implementing strategies in other industrial sectors. In particular the computers and electronics strategy is beginning to show results, in the form of investments in a broad range of companies in this sector."

These investments include holdings in ICL and Ferranti, the INMOS micro-chip venture, Data Recording Instrument, which is the subject of court action over a link-up with Control Data Systems of the U.S., and INSAC, which exports computer software.

Referring to BL and Rolls-Royce in his statement, Sir Leslie said that both had made "substantial progress." But for BL 1978 was a "year in which we need to see a substantial improvement in performance."

Among the companies inherited from the last Government, Alfred Herbert, the machine tool subsidiary, was "in many respects in the worst position to face the future."

No, two or three years later, Herbert is half-way through a five-year plan to transform the company from a low-technology to a high-technology machine tool manufacturer," declared Sir Leslie.

It was partly the "deep-seated problems in companies like Herbert" which had kept the NEB's return on capital employed down to 11.3 per cent (excluding BL and Rolls-Royce) for the year. This was almost exactly the same as the 11.4 per cent result in 1977. It did not show the progress hoped for by Sir Leslie towards the target of 15 to 20 per cent by 1981 set

NEB CONSOLIDATED PROFIT AND LOSS ACCOUNT

	1978	1977
	£m	£m
Turnover	4,157.6	3,501.1
Operating profit before interest...	102.9	96.4
Share of profits of associated companies	11.5	5.3
	114.4	101.7
Costs of exception manpower reductions in BL	13.6	—
	100.8	101.7
Interest payable less receivable...	70.1	67.4
Profit before taxation	30.7	34.2
Taxation	19.4	13.8
Profit after taxation	11.3	20.5
Minority interests	5.3	4.7
Profit before extraordinary items	6.0	15.8
Extraordinary items	(47.3)	(46.5)
Loss after extraordinary items	(41.3)	(30.7)
Return on capital employed NEB and its subsidiaries	6.4%	7.6%
NEB and its subsidiaries, excluding BL and Rolls-Royce	11.3%	11.4%

by the last Government in December, 1977.

Part of the reason for the lack of improvement was also because the NEB did not deliberately set out to "buy profits." The profit base upon which its business rested was not yet sufficiently broad to outweigh the effects of taking on new ventures.

The accounts show that the 1978 operating profits of £114m finish up as a loss of £41.3m after payment of £70m interest, £19m taxation, £5m minority interest, and extraordinary items of £47m.

Money invested directly by the NEB in 1978 totalled £399m and brought the total since the NEB was formed to about £600m. When this was added to investments taken over by the NEB from the last Government, the aggregate investment for which the NEB was responsible at the end of last December amounted to about £1.25bn, said Sir Leslie.

By the end of March this year, the NEB's commitments against its statutory borrowing limit totalled about £350m. The Industry Act, which became law just before the election campaign, raised the immediate

borrowing limit to £3bn with a further possible limit of £4.5bn, subject to later Parliamentary approval.

But the Act also brought the external borrowings of all the NEB's subsidiaries, now totalling £900m, within the borrowing limit. Arrangements for BL announced a month ago brought in an additional commitment of £150m.

This made a total commitment of £1.5bn against the new £3bn limit, said Sir Leslie. He thought this should enable the NEB to carry out its programme within the £3bn limit for three or four years in line with its corporate plan sent to the last Government six months ago. (The plan was not approved before the general election.)

In addition, Sir Leslie referred to the contentious question of Parliament's control of the NEB and suggested that the best solution might be for the relationship between the Department of Industry and Parliament to be examined first.

NEB Annual Report and Accounts 1978. NEB Information Department, 19-18, Grosvenor Gardens, London SW1W 0DW. Price £2.

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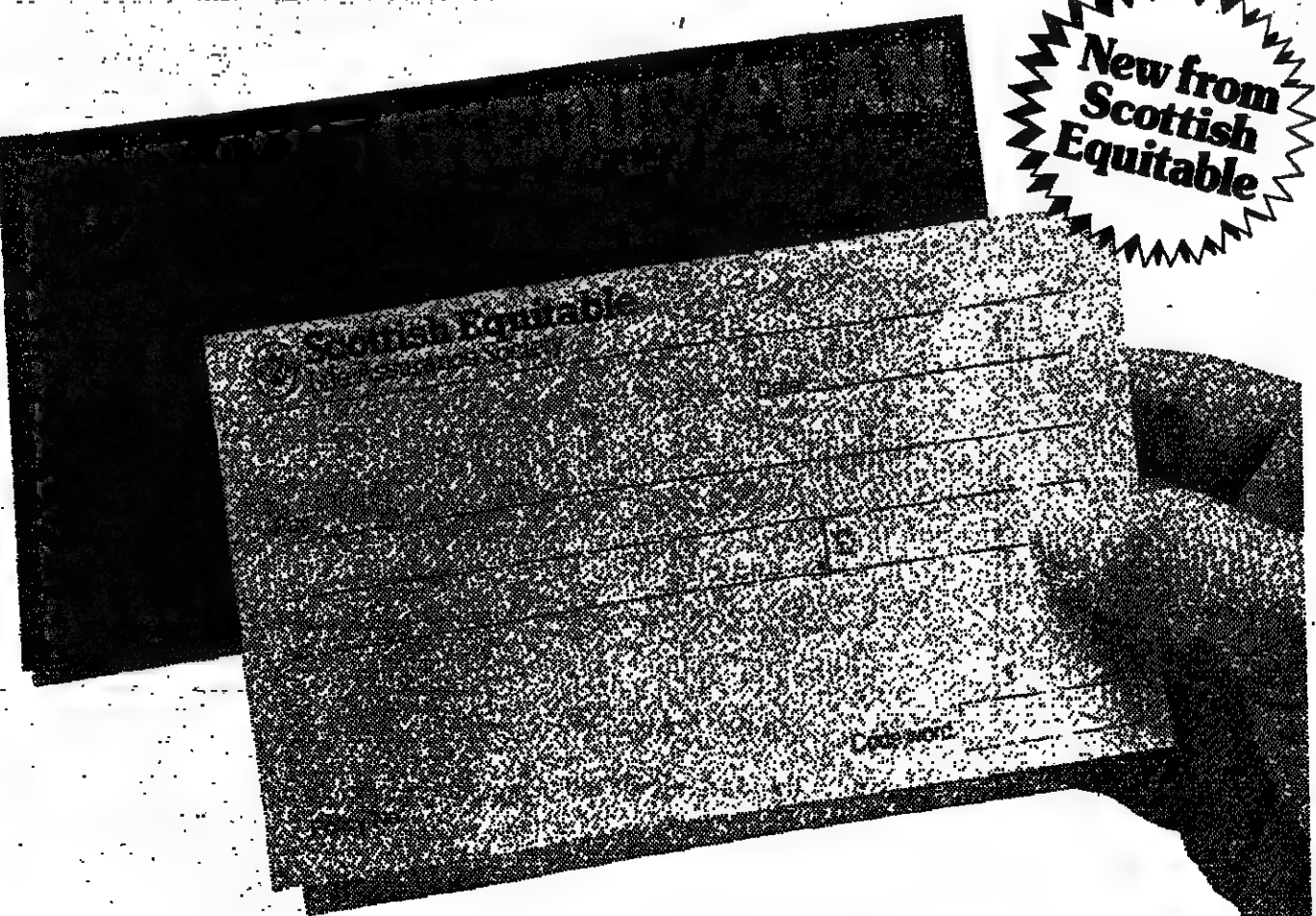
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For every £33 you save, you will normally gain £7 free from the tax man. Withdrawals of money after the ten years are completely tax free. Higher rate tax payers will also enjoy extra, very attractive tax advantages.

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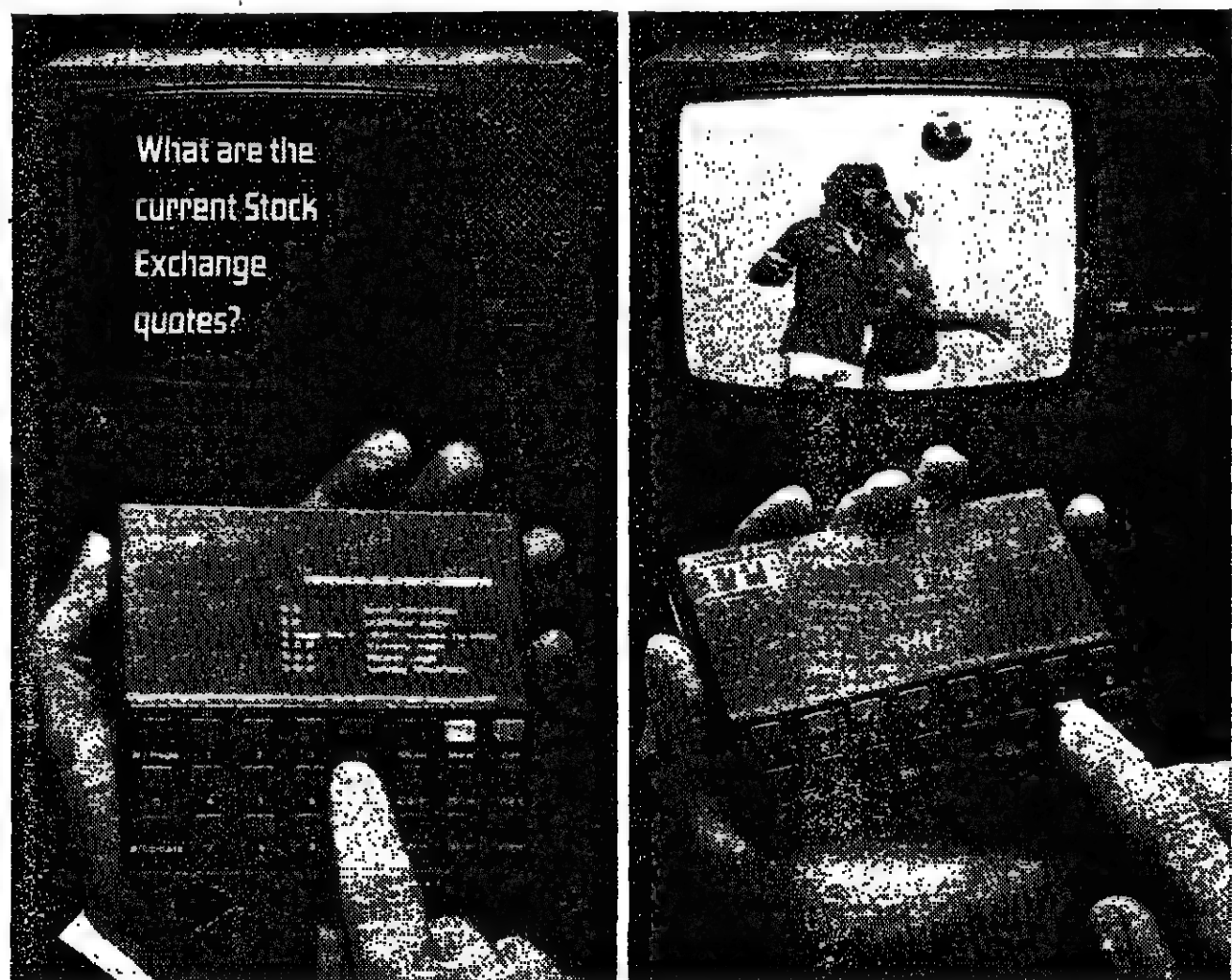


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For not only did the company work closely with the Post Office in developing the first European Viewdata link, but it has also developed TV sets that are specifically

designed for Prestel, the Post Office's Viewdata system. Both ITT's Viewdata set (on the left), and the new domestic TV (on the right), feature the remote control that works in and out of the set.

Now Prestel is a public service, ITT have developed an advanced receiver designed for Viewdata use.

Find out more about ITT's Viewdata sets by writing to Viewdata Group, ITT Consumer Products, Chester Hall Lane, Basildon, Essex. It'll be a pleasure to do business with you.

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Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● LASERS

Powerful unit hits tiny spot

INDUSTRIAL POWER beams section of BOC, Daventry, is making and marketing a new 500 watt CO₂ laser. It is a fast axial flow type and has a high performance/power ratio. The model produces a beam which can be focused to a spot less than 0.15mm diameter. This means that it can produce narrow, deep penetration cutting operations for the given power output and it has been designed specifically with a view to producing good quality cutting operations in a production environment for metals, woods, plastics etc.

Optional extra equipment is available including X Y table.

● MAINTENANCE

De-frosting speeded

ONE OF Britain's biggest producers of frozen vegetables, Wold Farm Foods at Grimsby, has obviated the shutting down of its freezer units during de-frosting and washing out operations, by installing batteries of fixed spray nozzles. Previously three men with hose pipes undertook the task.

The system was devised and installed by the company's engineers in consultation with CF (London), 3 Hobart Place, London, SW1 (01-235 1364), exclusive UK distributor for nozzles and accessories manufactured by Spraying Systems Co., Wheaton, Illinois.

The switch from manually operated hoses to fixed spray nozzles means that, apart from significant saving in labour, output capability at the Grimsby factory has also substantially increased—particularly in the busy harvesting season from June to September.

The plant operates a bank of

three freezer units which, during the peak season, are working 24 hours a day, seven days a week. De-frosting of the ammonia coils is by built-in sprays working continuously in sequence throughout the freezing operation. General accumulation of ice within the freezer cabinet, however, must be washed away periodically if production is to continue without damage to the conveyor.

It is desirable for washing-out to take place every 48 hours and, before the spray systems were installed, this could only be achieved by shutting down the units for at least six to eight hours while a three-man team washed out with hoses.

The job is now done automatically inside three hours, simply by opening two valves, although one man still needs to hose residual debris from the floor.

● MACHINE TOOLS

Italian machine drills precisely

A CO-ORDINATE drilling machine from Industrie Meccaniche in Italy and available from Adam Machine Equipment, Laton Road, Harpenden, Herts, AL5 3DA (Tel. 05827 68428), is designed for sustained accurate work and to relieve costly jig-borers of many of the more routine co-ordinate drilling operations.

Specification of the 135A includes automatic feed with auto-release, and provision for

tapping holes with auto-reversal. There are four rates of automatic feed; coarse and fine manual feed are by three-arm capstan and cranked handle respectively.

Hardened and ground nickel-chrome steel spindle runs in high precision bearings and has two speed ranges, each infinitely variable while the machine is running. Speed control is by means of a cranked handle, although a servo-motor with

push button control can be specified. The speed is displayed on the front panel.

Co-ordinate table, measuring 800 x 300 mm, is in Meehanite cast iron and is mounted on prismatic guideways; it has positive clamping and stops at pre-set positions. The ground feedscrews have a maximum error of 0.025 mm in 300 mm with backlash compensation. Vertical motion available is 350 mm; maximum table load is 200 kg.

Will tackle big jobs

TYPICAL of a range of three machining centres from the Italian Berardi company and available in the UK from Selson Machine Tool Company is the MCTC 120 with a spindle diameter of 120 mm.

Employing computer numerical control, the cutting spindle is moved by two lateral ball screws mounted on each side. An infinitely variable range of spindle speeds from 30 to 2,250 rpm are available and the spindle, with a clamping force of 22 tonnes, has thermal compensation for overheating.

Maximum traverse in the vertical axis is 2850 mm, in the

longitudinal axis 1500 mm, with a traverse of 1150 mm and movement in the spindle axis of 400 mm. All traverse motions are by recirculating ball screws and bedway rollers. Rapid traverse operates at 10,000 mm/min.

The table measures 3100 x 1500 mm, has a work load capacity of 5000 kg and is available in eight types including plain, rotary and pallet shuttle.

Tool magazines are offered with a capacity for 40, 50 or 60 tools and the tool changing time is nine seconds for tools of 315mm diameter and 60 kg weight.

Machines from Spain

ONE OF Spain's largest manufacturers of milling machines, Nicholas Correa S.A. has appointed Alfred Herbert to be its sole UK selling agent.

There are two basic machine configurations—knee type and bed type. Knee-type vertical milling machines are available in five sizes from 5.5 hp to 35 hp.

The machines can be fitted with a motorised overarm having an independent three-speed drive to provide a cross-feed. Further versatility can be built into the machines by fitting a universal head, which allows machining with any rake angle.

A number of automatic machining cycles can be built into the machines. The linear cycle

provides complete automation of the longitudinal table traverse, while the pendulum cycle extends this control to reversing the direction of spindle rotation. A square cycle gives automatic control of two axes, either longitudinal and vertical traverses, or longitudinal and cross traverses, while a cubic cycle provides automatic control of all three axes.

The bed-type machines are said to be ideal for heavy-duty milling of large workpieces. The main motor is 30 hp. These machines are operated from a pendant control that gives the operator a clear view of the workpiece at all times. The machine will handle workpieces up to 5,000 kg.

● CONFERENCES

Cooling with sea water

AS POWER stations move closer to the shoreline and fresh water becomes too expensive and impractical to use, sea water is fast becoming a major coolant for power plant, including ships' engines.

Sea water is notoriously corrosive but the use of titanium has minimised damage to machinery, while some metallurgists claim that copper alloys do the job as well.

"Cooling with Sea Water" is the theme of a conference organised by the Institution of Mechanical Engineers and due to be held next month. Sponsored by IMechE's Steam Plant and Process Engineering Groups this conference will be held in IMechE headquarters in Birdcage Walk, London SW1 on May 15 and 16.

The proceedings have been divided into four sessions dealing with power stations, fouling, corrosion, use of titanium, and the use of copper alloys.

Papers are being submitted by CEB, Electricité de France and many metallurgical and engineering firms in the country. Closing remarks will be made by Mr. H. Watson, chief mechanical engineer for Kennedy and Donkin, Manchester, chairman of the Steam Plant Group.

Further information on 01-839 1211.

● LIGHTING

Light for less power

GTE SYLVANIA has announced the introduction of two new fluorescent lamps—the 26mm diameter ES100 and ES180 "Energy Saver" models.

For ES100, savings of 10 per cent over conventional 38mm lamps are claimed without the loss of light output. They are available in a range of standard colours and 15W, 36W and 58W types.

The cost of the new lamps is less than half that of the tri-phosphor tubes and only 40 per cent more than the standard tubes. This last cost difference, however, is quickly recovered over approximately six months.

Available in three colours and three wattages, the ES180 26mm units are high-efficiency tri-phosphor lamps which provide

higher lumen outputs than conventional 38mm fluorescent lamps: 10 per cent over standard colours and 70 per cent over "de-luxe" colours.

The 10 per cent lower wattage achieves between 10 and 50 per cent savings in energy over conventional tubes, dependent on the type of lamp replaced and whether they are used in existing or new installations.

When equipping new schemes, they permit the use of fewer and smaller fixtures. Six ES180 lamps deliver the same light output as ten standard de-luxe lamps, giving a saving in excess of 45 per cent.

The new designs will be available in the UK next year. GTE Sylvania, 29 Salford Road, Shipley, West Yorkshire, BD18 3EH. 0274 595821.

● RESEARCH

Burning issues examined

ACCORDING TO Battelle Columbus Laboratories, Ohio, U.S., there are currently about 50 installations converting refuse into steam, hot water or electricity in America and, says John M. Allen (who is heading a two-year study of the subject) more refuse-burning installations are being planned.

Battelle research staff are undertaking a \$1m study of the effects on the environment of burning municipal wastes to generate energy. During this, they will burn several different

types of refuse in combination with coal in the laboratory's spreader-stoker boiler facility, and experiments will be made using different ratios of refuse to coal.

It is planned to measure stack emissions and search for trace metals, polycyclics and other trace constituents that might be environmentally unacceptable.

Information obtained will be used, says Battelle, to develop technology for controlling these emissions, should control prove necessary.

● PROCESSING

Makes timing marks on flywheel rims

DESIGNED specifically for permanently graduating timing marks, and code numbers on the rims of flywheels a machine has recently been built by Furnitor of Wembley.

Marking of the precise timing graduations in automotive work is maintained to an accuracy of ± 15 mins (0.25 degree).

This machine is designed to accept 16 sizes of flywheel ranging from 19" to 48" (485 mm) to 284" (718 mm). Other sizes can be accommodated with tooling modification.

Marking is by hardened steel type or dies by a rolling action whereby the indentation is made progressively as the workpiece and marking tool, which are in engagement with each other under pressure, roll rela-

tively to one another. Thus, as the entire mark is not made instantaneously the applied pressure can be kept very low and there is no damage or distortion to the part being marked.

Movement of the marking slide, carrying the graduating and marking type, is powered hydraulically.

Synchronised with the marking slide is the flywheel rotator during marking. The roller cradle supporting the flywheel gives the necessary pressure required for the marking operation without the shock factor associated with sudden impact.

Synchronised with the marking slide is a rack which is in constant mesh with a segment

gear carrying a spigot on which the flywheel is located. This ensures that the flywheel is presented for marking at the correct start point, thus ensuring the accurate positioning of the timing graduations. It also prevents the flywheel slipping during the actual marking operation.

In the rear of the machine an easily accessible 5 hp motor is housed which powers the hydraulic systems for the marking slide and table. Push button stations are provided to activate the marking cycle, a repeat stroke sequence and guard interlock.

Funditor, South Way, Wembley, Middlesex HA9 0HE. 01-902 3032.

Rope-making equipment from Denmark

PRODUCTION OF ropes is an ancient craft. In the past they were produced in a rope-walk, a long building in which the strands of rope would be twisted for a considerable length and then plied together. The amount of twist in each strand and its direction were co-ordinated with the twisting together into multiple cables and the resultant rope and this would ensure maximum strength.

Design of a rope and its balance to give the best possible tensile properties is a sophisticated task and laboratories throughout the world have been giving a great deal of attention to finding the best balance of properties to obtain the maximum tensile strengths and elasticities from various types of ropes.

Now, a range of equipment has been developed in Denmark by Robion which is able to start with a rope yarn, convert this into a finished rope, coil it into a final pack and present it complete. This is a single and con-

tinuous process, Robion (British agent: H. R. Carter and Son, 3, Square Street, Wakefield Road, Bradford, W. Yorks. Tel. 0274 28364) builds a range of different machines to produce ropes of various strengths and weights.

The M55 is typical and this is a machine that will strand together at a rate of two turns or twists per revolution of the rotating primary yarn carrier on which are mounted 24 bobbins of rope yarn. These can be used for making ropes of 1/4 to 1/2 in (4 to 10 mm).

When the rope has been wound up to the required length the machine will perfectly cut and close the end and normally a coil of rope will be made about every 30 seconds—depending upon length.

Polypropylene is now the major raw material of the rope trade and on say a 10 mm rope the model M55 is able to produce about 500 kg of rope in an eight-hour shift while on a

4 mm rope the production rate will fall only slightly in weight terms.

The bigger machine—model M66—is for 1/2 to 1 in (13 to 25 mm) ropes and here the production will range from 250 kg multiple cables in the rope.

Built as a separate module is the Model 320 rope cutter which uses heated knives to cut and seal the ends of the ropes which can be from three to 20 mm diameter and which may be fed into it at 25-50 or 75 metres/minute. The machine automatically measures the required length which can be set in 1 cm steps to a maximum of 99.999 cm. When the desired length is reached it will cut and seal the thermoplastic material, and if the feed is exhausted the machine automatically stops. A feature of the 320 is that the temperature of the cutting and sealing knives can be varied to meet the specific of the thermoplastic material being run at any time.

The naked truth about Teacher's.

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Malt costs at least twice as much as grain. And more malt means more character, a more distinctive taste.

Teacher's contains an exceptionally high proportion of expensive malts.

In fact, the truth is that Teacher's contains more malt than other popular blends.

Teacher's. In a class of its own.

EUROBONDS

The Association of International Bond Dealers Quotations and Yields appears monthly in the Financial Times. It will be published in an eight-page format on the following dates in the remainder of 1979:

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June	12	October	15
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August	13	December	10

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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Jonathan Carr visits a flourishing German engineering company

Search for a success formula

WHY ARE the West Germans generally so successful industrially and commercially? One suggestion is that they work harder than their competitors, which is often quite difficult to prove. Another is that the country enjoys a relatively high level of social peace, which is true but begs many other questions.

Part of the answer may be found by examining the structure and attitudes of a company. In many ways representative of Germany's industrial strengths. That means taking a largeish enterprise in the mechanical engineering sector, with a big and flourishing export business apparently undeterred by the constant rise in the value of the Deutsche Mark. Orenstein and Koppel, headquartered in Dortmund in the Ruhr region, fits the bill well. It also happens to have been pleased with the performance of its sales and manufacturing in Britain.

Expected

A talk with members of the O and K Board, including the "spokesman" (in effect executive chairman) Dr. Helmut Heuser, brings the expected emphasis on product quality, computerisation, after-sales service and so on. More surprising — to those who see the German industrial "miracle" as a purely postwar phenomenon — is the emphasis on history and tradition.

O and K is one of those many German companies which still successfully applies principles they did at around the turn of the century. The owner-

ship may have changed (O and K is now 50 per cent owned by Estel Hoesch-Hoogovens, the German-Dutch steel group, via Hoesch Werke AG). Two world wars may have reduced the company for a time to almost nothing. But the longer one talks the clearer the line of continuity becomes.

How does O and K feel about the new China trade? What is "new" about that, comes the return question, together with the proud demonstration of a letter from a Chinese building contractor praising O and K machinery. The document is dated October 14, 1968.

O and K's product range reflects this continuity. The lion's share of turnover (which totalled DM 1.13bn, or about \$600m, in 1978, 43 per cent of it from exports) comes from earthmoving machinery of all descriptions. The company produces everything from small, mobile hydraulic excavators to bucket wheel excavators of daunting size, capable of stripping 240,000 cubic metres of overburden a day in open pit mining.

Then the company is in the specialised shipbuilding business — dredgers in particular. It makes deck cranes, forklift trucks, railway equipment and, last but not least, escalators and automatic pavements. In other words, if there are materials to be mined or transported whether on land or sea, some part of the product range will fill the bill.

Might it not be better to concentrate company activity on one or two sectors at most? On the contrary, comes the

reply, all these activities are related. A client may not want a package deal involving the lot—but O and K's involvement in all makes it easier to tailor an offer to special customer needs, then expand the service as those needs grow. That service can include full cost accounting for every stage from minerals extraction, through transport to final production.

That is very much how the

Those who see the German industrial 'miracle' as a purely post-war phenomenon are surprised by the emphasis on history and tradition.

company began. Founded by Benno Orenstein and Arthur Koppel in Berlin in 1876, its first business came from supplying portable, narrow gauge rail equipment to move materials quickly to and from mines and construction sites. The next stage was production of small, side-tipper trucks for quick unloading.

That in turn led naturally to the building of light railway locomotives, then to the realisation that the company could use its engineering expertise to gain business at the mine-site itself. Hence the expansion into earth-moving equipment, then into dredging through takeover

of a Luebeck-based firm in 1911.

Today the company employs around 11,000 people—most of them at its six factories in West Germany and Berlin. The key factory is at Hattingen, near Dortmund, which makes the gear wheels, gears, axles and hydraulic components for all the others. Bochum has the main spare parts stock, with inventories and supplies controlled from the central computer system in Dortmund. The company says parts urgently requested are generally on their way within four hours of receiving the order.

That is all very well, but product range alone hardly spells success. What about the competition — mainly the Americans, French and Japanese? There must come a point, surely, at which the rise of the Deutsche Mark will price O and K products—however reliable and well-served they may be—off foreign markets. Indeed, might not O and K lose its market share at home to cheaper imports?

In theory perhaps this is so—but in practice it has not happened that way, and O and K clearly thinks that it is not going to do so. The currency question is a problem but not a decisive one. "The key to competitiveness," says Dr. Heuser (an engineer by training) "is to keep your nose ahead technologically. We will always find something new."

That means sparing no effort on research and development—for example on projects for advanced ocean mining equip-

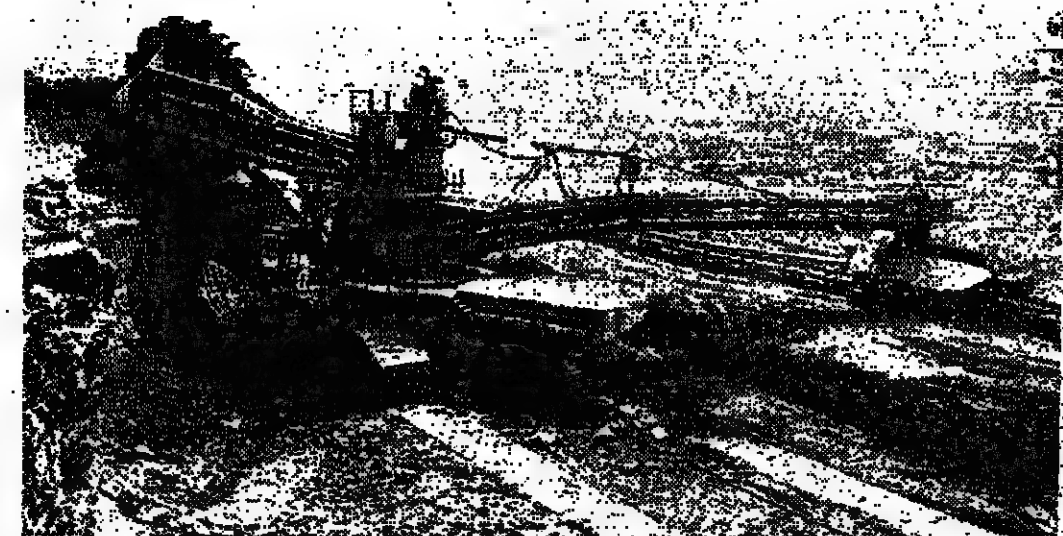
ment, like new suction heads to dredge metaliferous deposits on the bed of the Red Sea.

It also means training and re-training to gain an ever more qualified staff to construct and handle the new, more sophisticated products. However much O and K may extend its manufacturing capacity overseas, the work at the highest technological level is likely to stay at home. Those, it is felt, are the jobs of the future. The embracing of new developments at home, the extension of other levels of manufacturing capacity overseas, and a productive interaction between the two are seen as the only way likely to preserve domestic employment in the long-run.

Labour

That, of course, implies a high level of understanding and co-operation from the labour force and the trade unions. How do you get that? Some have suggested that the German secret is "Mitbestimmung"—co-determination, the drawing of labour representatives into the management of the firm. Dr. Heuser is far from attacking Mitbestimmung, but he insists that it is no miracle worker in itself. Mitbestimmung is as good as the people who are involved in it—firmly including management as well as labour.

How does O and K rate the British labour force? The answer is given indirectly. O and K established its own



The largest O & K hydraulic bucket wheel, the SH 630, at the Lukavka Rijeka Lignite mine in Yugoslavia. All excavators are electro-hydraulically driven.

subsidiary sales company in England in 1968, then took over the firms which are now O and K escalators and O and K lifts (both in Kelghley, Yorkshire) over the next decade. The first was pulled out of the red and into profitability within two years. The second underwent a similar rationalisation to the first—but was able to keep virtually the same labour force because it gained a bigger market share.

O and K Germany does not deny that the initial push, the injection of expertise and funds it was able to give, was decisive. But it points out that the management and labour force of both companies is overwhelmingly English—to whom the continuing success is due. The Germans, Dr. Heuser notes, made sure that facilities like washrooms and canteens were brought up to the standard existing in the German factories. In short, conditions had been improved, a good management-staff relationship built up

and the results were satisfactory. Did that mean O and K would expand its English operations? The answer is—it would not mind doing so, but always through relatively small concerns where the problem of a multiplicity of trade unions is not severe.

The other main overseas manufacturing plant is at Dundas, near Toronto, Canada, acquired by O and K in 1974. It also has offices and a central spare parts depot in New Jersey—and all the indications are that O and K is cautiously probing the huge U.S. market, gaining experience for further manufacturing expansion.

Market

Caution also marks the company's view of trade with China. Not only has O and K been involved with the Chinese market for a long time, but it sees further good opportunities.

But it warns against euphoria, suggesting that there may have been double counting in respect to some of the huge sums for China business recently emerging from enterprises in Western countries. And it points out that the Chinese learn quickly—and hence will be able relatively soon now to manufacture themselves products they at present are seeking from abroad.

What, then, are the watchwords emerging from the company? Training, good working conditions, research, development, product range, after-sales service—based on tradition and laced with caution. Price and currency movements come a long way behind in importance.

It is no doubt a disappointing conclusion for those hoping to find an easy formula for Germany's success, and indeed to help forge an economic miracle outside Germany. The reluctant conclusion can only be that no such formula appears to exist.

Pensions in a takeover—the hidden liability

BY ERIC SHORT



IN A TAKEOVER, employees generally come well down the list of considerations, while the company pension scheme is usually ignored. This is not surprising, considering that pensions have a low interest threshold. But the financial and industrial relations implications can be considerable.

First consider the effect on the actual terms of the takeover. There have been cases when the considerable outstanding liabilities of the pension

scheme have been overlooked. Thus, the acquiring company has found itself saddled with a liability running into hundreds of thousands of pounds that was not taken into account in determining the takeover price. This shows that it pays to check out the financial standing of the pension scheme and look at the last actuarial valuation.

But even more important are the effects that can arise on the members of the scheme being taken over. For simplicity, let us assume that company A is taking over company B.

First comes the comparison of the benefits provided by A's scheme. If B provided better

benefits than A then B's employees are likely to be dissatisfied and are not going to take kindly to moves to reduce benefits.

Pensions have to be paid for and they do not come cheap. Better benefits mean higher contributions and A is not going to be willing to pay more, as a percentage of payroll, to B's scheme than it is to its own scheme. A's members are not likely to be happy with this position either.

But since A will have probably guaranteed employment conditions to B's employees, a compromise is usually needed. Most problems are avoided if A

closes B's scheme to new entrants and runs the scheme down on the original terms, hoping that its own employees will not create a fuss. All new employees of the taken over B company join the main scheme of A.

The problems that can arise in practice are illustrated by the case of General Electric Company. Following its takeover of Associated Electrical Industries in 1967, after a bitterly contested bid, it kept AEI's pension scheme open until 1973.

There was also the ironic situation that certain employees joining the group had a choice of schemes available.

Then, in 1973, GEC, which had about 45 different schemes, decided to rationalise and launched a scheme to meet with the then Tory Government's proposed contracting-out procedures.

AEI's scheme was closed to new entrants and its members were given the option to transfer into this new GEC scheme or remain as they were. This was when trouble arose.

It was now easy for AEI scheme members to compare benefits and decide which was the better course of action. The majority transferred, but a hard core have remained in the old scheme and have opposed all

management attempts to change it. Here was the second source of conflict.

When a member switches, how much of the fund should be transferred? AEI's pension fund was in a healthy financial position with a substantial surplus. GEC claims that the amount transferred should include the transferring members' share of that surplus and says that it has endeavoured to do this by using almost all the surplus to improve pensions and the past service benefits of members of the AEI scheme, including those who have transferred.

The AEI members remaining, however, claim that the trust deed allows only the transfer of enough assets to cover the transferring members' pension liabilities. It is not yet clear whether this latest move has resolved the differences between the two sides.

What lessons can be learned from the GEC/AEI experience? Let us return to the original example. At the outset, the trustees of B's scheme need to find out exactly what A's intentions are towards the scheme. Expert guidance is likely to be necessary as is a willingness to compromise.

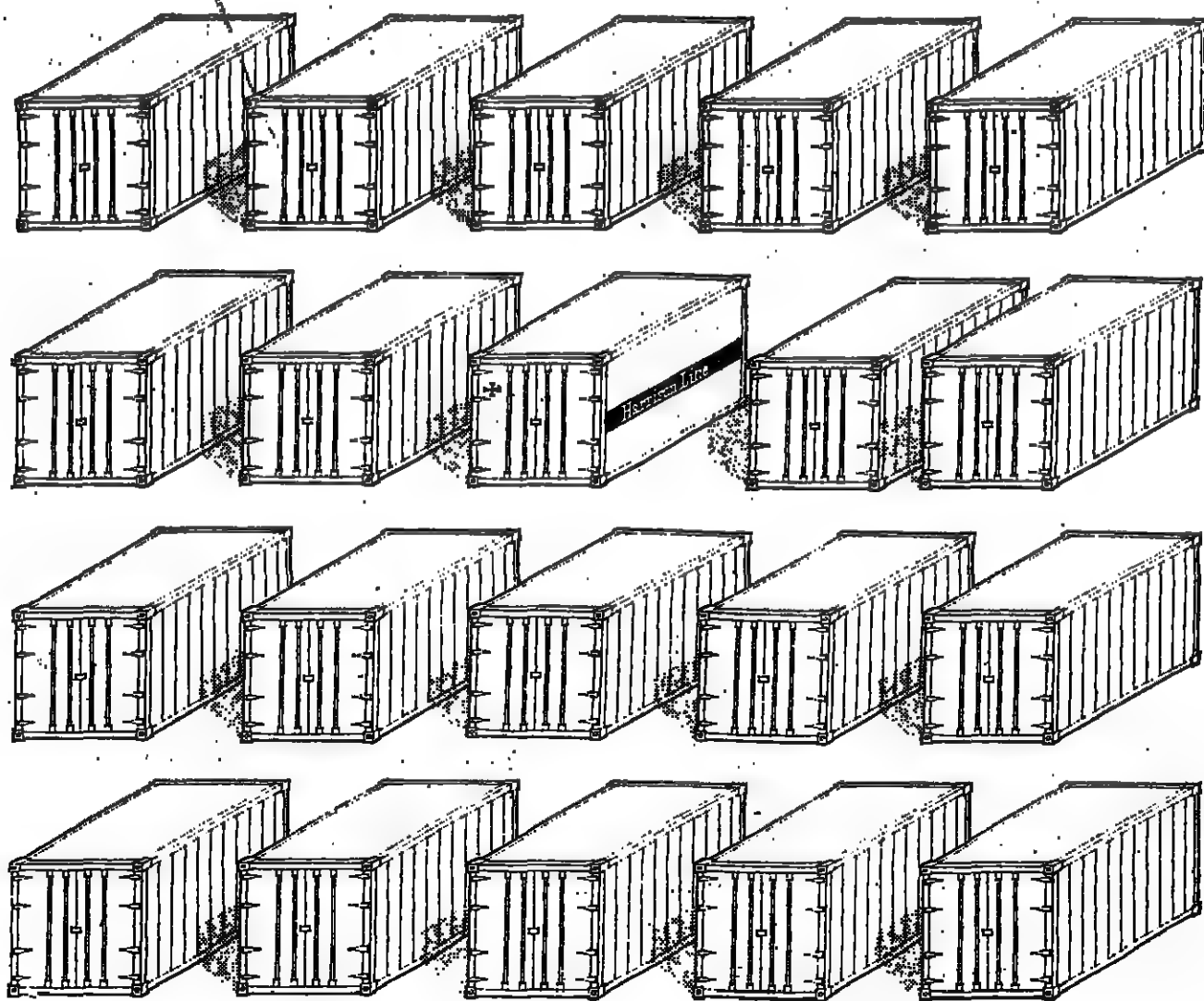
The main lesson is one for the authorities on how unsatisfactory it is to set up pensions schemes under a general trust, which is subject to trust law. General trusts were never intended to cope with the ramifications of an open-ended fund,

managed by lay persons, with money continually coming in and being paid out. The development of pension scheme trust documents has proceeded somewhat haphazardly and there is little case law relating to pension funds.

Much was established in the famous Evans v London Co-operative Society, when a member of the scheme successfully sued the trustees for breach of trust.

Pension schemes are more akin to unit trusts—which are monitored by a central authority—than a family trust.

Unit trusts are under the watchful eye of a special division of the Department of Trade, and the trust deed cannot be changed at the whim of the managers. A similar scheme could surely be devised for pension schemes.



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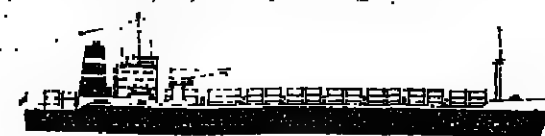
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THE ARTS

Opera House, Helsinki

Romeo ja Julia by CLEMENT CRISP

The renaissance in Finnish opera has concentrated considerable attention upon the lyric stage in Helsinki. The opera's enchanting little white and gold auditorium—just 100 years old, and a beautiful survival from Imperial Russian days when it was the Alexandrinsky Theatre—also houses the local ballet company. This is a troupe which dates back to the early years of national independence, having given its first performances in 1921. Since then the company has developed upon individual lines, albeit the proximity of Leningrad has meant a fruitful and enriching association with the Russian school and repertoire. Twenty years ago the Finnish ballet visited the Edinburgh Festival; it has also been seen in Europe and the Americas, international contact serving to stimulate creativity without imposing anything alien upon an essentially Finnish identity in dance and choreography.

Last weekend I was able to see the company on its home ground, and also glimpse something of the activities in its school. For "by their school shall ye know them," and on the foundation of that ideal system of training formulated in Leningrad by A. Y. Vaganova, the present generation of Finnish dancers can stand—and move—securely. In the school (just getting ready for a series of public performances, rather after the fashion of our Royal Ballet School's annual displays) the students revealed not only an open, lyrical manner—finest stretch to the body; sure musical feeling—in classical style; but a readiness to enjoy Graham-inspired Modern Dance, and an alert rhythmic and emotional response to character dancing. Their muscular involvement, the wholehearted and whole-bodied sympathy with the dance, was very rewarding to see.

It is, I feel, important to stress the "Finnish-ness" of school and company. For a nation of some 4½m to boast a ballet-ensemble entirely national in complement and identity, is no mean achievement. It would be unrealistic to expect the grand effects that larger national and international enterprises offer; but the integrity and sense of purpose which I found in the



Ulrika Hallberg as Juliet

Finnish Ballet merits both respect and admiration.

In performance I was able to see the company's *Romeo ja Julia*, an individual and by no means un-Shakespearean response to the Prokofiev score, somewhat abbreviated by cuts, yet still allowing the drama its head. The choreography is by Elsa Sylvesterson, and she has produced a view of the tragedy which, while stylised in some respects—there is a vision sequence in which the drugged Juliet danced with Tybalt and Mercutio—is given dramatic force by the liveliness and enthusiasm of her cast. The

setting, by Tove Ahlback, is permanent: a central staircase; skeletal arches; painted panels which are dropped in to indicate changing locales; costumes stresses clear light colours, and usually light-weight fabrics. Against this fresh, unadorned background, the drama follows its customary course, given a welcome momentum by the strong involvement of the entire cast's playing. The auditorium is small—it seats under 600, people—and the Finns' dance-acting projects the action without effort; the result is an account of the story which benefits from an

ensemble having both a sense of purpose and an emotional liveliness. The Tybalt (Aku Ahjola) shows how loving and protective is his feeling for Juliet; the roistering nature of Romeo's youth, and the sudden change in his emotions after the meeting with Juliet, are no less clear.

The lovers were taken by two fresh attractive dancers. Ulrika Hallberg has a fleet, soaring style, and a more than passing resemblance to Antoinette Sibley in her blonde charm and the clear pulse of her dancing as Juliet. Her interpretation is rather more mature than is usual in the first scene; from the ball-room onwards the airborne ease of her technique, her ability to show Juliet by turns adoring, bemused, desperate, and strong threads in a persuasive and intelligent reading. Romeo, Hannu-Pekka Holmstrom, seems even younger, and in looks recalls Leningrad's new *jeune premier*, Konstantin Zaklinsky. A dancer with a big impulsive jump (in certain constipation in stage size may well hamper dancers eager to stretch themselves in movement), his very immaturity gives something vulnerable and believable to Romeo, whom the choreography shows caught up in the head-long progress of a first love. At their best in the balcony scene, these appealing dancers capture the innocent bloom of Romeo and Juliet's mutual passion; the surges of feeling and the impossibility of the score find touching expression in their performance. Elsewhere I was impressed by the tension of the fight scenes—no polite exchanges of sword thrusts, but strong, brutal clashes of blades—and the physical involvement of the whole cast in their roles.

In this, as in the overall spirit of the staging, there is evidence of an approach nearer to that of Leonid Lavrovsky than to that of Western choreographers like Cranko or MacMillan—more narrative than psychological investigation. The difference is not one of quality, but of point of view: this Finnish *Romeo ja Julia* still.

(The Finnish National Opera and Ballet will be seen at Sadler's Wells Theatre between June 12 and June 16, the ballet's contribution to the season being three performances of the Sylvesterson/Khachaturian *Gayane*.)

Television

Eyes Right on the screen

by CHRIS DUNKLEY

Had your impression of the different policies on offer in the election campaign been formed exclusively from television discussions, you might be now assuming that the only effect upon your everyday life to stem from the change in government will be the requirement to pay slightly less income tax and slightly more VAT.

Yet there clearly are fundamental differences in political philosophy between Labour and Conservative parties, and the change to a Tory government will have other quite definite effects upon the daily round, not least in the matter of broadcasting.

True, some of the differences will not immediately, or perhaps ever, become outwardly apparent to the viewer. For instance there will be few positive effects upon the screen of the Conservative determination to scrap Labour's policy of saddling the BBC with government appointed "management boards." Yet the decision is a welcome one and the negative effects could well be profound: the boards would have represented a sinister movement towards State broadcasting.

The Tories appear to agree with Labour on the need to extend bureaucracy and set up an industry-wide complaints council, but they seem much less inclined to be mean and manipulative over the BBC licence fee, and are likely to raise it to a level at which it will last for more than a year.

This will please the BBC which has grown increasingly anxious about the leverage afforded to government if licence rates have to be renegotiated annually. One hopes that as a result the growing neurosis and timidity of the BBC concerning "touchy" programmes will vanish.

The BBC will be sorry but the public may be glad to find the Conservatives licensing dozens of new local commercial radio stations and denying the need for the BBC to match station for station.

Tory faith in private enterprise is also likely to emerge in a decision not to follow the last government's White Paper on Broadcasting and give the Post Office responsibility for cable and satellite broadcasting and for pay-TV experiments, but instead to encourage the commercial cable companies.

Above all, and most noticeable on screen, will be the effect upon the fourth television channel: instead of the new idea of a "publisher" network called the OBA screening programmes from a multiplicity of sources—the idea favoured by the Annan Committee (and this column) and eventually accepted by the Callaghan administration—Mrs. Thatcher's government is pledged to hand the channel over to the existing ITV companies.

There are promises of safeguards for educational and Welsh programmes and for other minority interests. But whereas the OBA would have extended the asymmetry of British television which, with its BBC/ITV/ITV shape has proved so beneficial in programme terms, the creation of "ITV2" will destroy the asymmetry and create instead a head-on four-square clash between the BBC pair and the ITV pair. It is hard to foresee anything but an intensified ratings war and an incessant drive towards sameness in programmes and schedules on the American pattern.

However, even more intriguing than the prospect of broadcasting changes directly attributable to the Government is the possibility of other changes in broadcasting resulting from the shifting public mood which produced the new Government. Shall we eventually see broadcasting's centre of gravity moving towards the right? My guess is that we shall, though the process may take so long that it will either be completely out of fashion by the time it has any effect, or may even fail to

reach the actual programmes on screen altogether.

The business of identifying the general socio-political tone of British broadcasting is, of course, fraught with hazards: whatever your conclusion you will be attacked with scorn. Declare as Richard Last did in the Daily Telegraph last week that "Private enterprise is not celebrated on the box every day of the week; indeed in some weeks it is not celebrated at all," and those on the left will fall about in derision.

That is the precise opposite of the truth, they will declare. British broadcasting implicitly and perpetually supports the status quo and unquestionably includes private enterprise as a part of it: look at *The Risk Business*, *The Money Programme*, *Enterprise*, *Time For Business*—week in week out they are extolling private enterprise, and the nearest they ever get to questioning the underlying morality of the system, the ethics of capitalism, is a rare quizzical look at co-operatives or worker-directors. Moreover (they add) dozens of dramas from *The Planc Makers* and *Mogul to The Brothers and Sisters* have always tacitly supported and often explicitly celebrated private enterprise.

On the other hand, those on the right will claim this is less than half the story. Current affairs television and its preoccupation with the "underprivileged" and the "deprived," and its exposures of sanctions evasion or stories of corruption which show the police in a bad light are clearly biased towards the left, they say. Look at Peter Taylor, Jonathan Dimbleby, Mary Holland, John Pilger—where are the right wing reporters to counterbalance them? Auberon Waugh and Alun Chalfont are allowed a look-in just once in a blue moon for the sake of appearances.

Furthermore, they continue, the school of drama which has included such plays as *Cathu Come Home*, *Dans of Hope* and *The Spencers* has been allowed to get away with overt political proselytising of a sort which has no right wing parallel.

Faced thus with criticism from both sides, the tendency of broadcasting chiefs has been to sit back smugly and declare that they must obviously have achieved "balance." Yet that is a most bizarre conclusion, not just because it is another way of saying "Since so many people think we are wrong we must be right," but because it implies that all social and political attitudes have exactly equal weight and validity and that broadcasting can find its proper place by standing precisely half-way between the extremes.

The pretence is that broadcasting administrators do not occupy morally determined positions, but simply estimate the dead centre and stand there. Yet clearly this is not true. ITV chiefs long ago took the morally determined decision to broadcast *Police 5* without any "balancing" *Thierés 5*. And for years BBC chiefs have been saying that in Ireland the BBC is "not on the side of the gunmen" (and they expect us to know that they do not mean the men of the British Army with their guns).

Yet I suspect the truth is that those who run broadcasting have chosen where to stand, neither by carefully considering moral absolutes, nor by carefully selecting the dead centre of socio-political attitudes, but by deciding where they happen instinctively to feel most comfortable. It is no great surprise to find that they feel most comfortable near to the middle of the sea of public opinion.

It is, anyway, not so much the position of the chiefs as that of the audience which in this country matters most in terms of programme tone and which will bring about a change if there is to be one. Throughout the history of ITV and ever since Sir Hugh Greene left the BBC, my impression has been, that a significantly greater number of programme makers have stood towards the left-hand side of their chiefs than have stood towards the right. For the past 15 years or so this has, of course, been a fashionable place to stand—though whether we are talking here about fashion affecting those in television or those in television affecting fashion it is very hard to say.

Certainly in social matters—the women's movement and feminism generally, for instance—television has been way ahead of national public opinion, or perhaps moving at a tangent to it. Within the past week BBC's *Connie* about a lesbian sweatshop worker, ITV's *Daughters of Albion* about three girls from a biscuit factory, and Thames' *Theatre Girls* about alcoholics and drug addicts in a women's hostel vividly illustrated the point.

What we may not know for another five or even 10 years is whether broadcasting's staff intake from the seething universities of the late sixties (the generation now making the programmes) will discover when they in turn start to become chiefs that they have been followed into the business by people from the quietest universities of the seventies—the very generation that psephologists suggest voted unexpectedly heavily for Mrs. Thatcher—and that these new programme makers stand well to their right. Ironically it seems quite possible.

Sadler's Wells

Four Ballets

The present season by the Sadler's Wells Royal Ballet has found the company on its best form, with dancers and repertoire looking fresh, well-polished. Last night's programme was no exception—the opening *Les Rendezvous* typifying the current, bright state of the ensemble's fortunes. I have not seen this enduring, and endearing piece look better for years, and for the best of reasons. Sir Frederick Ashton has rehearsed it, and Dame Alicia Markova—great original of the leading girl's role—has, additionally, coached the principals. Given this loving treatment, and naturally enough, the dances and the dancers appear at their best—would that every work in both Royal repertoires were as honourably treated. From *Les Rendezvous* a wonderful account of Markova's role, diamond-bright and subtly nuanced; from the bouncing trio of Nicola Katrak—a sweet young talent—Kim Reeder and Brian Bertcher, a mercurial presentation of that choreographic gem.

Added to the repertoire this spring is Michael Corder's *Rhyme or Reason*, a choreographic debut of real importance from last season, and now entered into the regular programming of the company.

Marion Tait, Judith Rowan, Anya Evans, Carl Myers and Kim Reeder are the cast, entirely excellent. The dances gleam with talent; we have an exciting new choreographic effort in the Royal Ballet—even if it is currently on loan to the Dutch National company.

Two other performances must be singled out in this noteworthy programme. Gaila Samsova was the young chateleine in *La Fête Etrange*, giving an interpretation of under-stressed but not muted poetry, seeming perfectly attuned to the wintry landscape beyond the terrace wall. (The landscape and the terrace, though, need re-lighting in the opening scene, to catch the pearly, uniform

glow of afternoon). In John Cranko's *Card Game* Stephen Jeffries returned to his old company to play the Joker, the fool, the spirit of mischief, and to trip through the ballet in a manner which would surely have delighted Cranko himself. It is a reading, illuminated by an anarchic wit and such comic resource—as gesture timed to a hair's breadth; every vile trick done with vast enjoyment—that it deserves to be recorded for posterity.

CLEMENT CRISP

Wigmore Hall/Radio 3

String Quintets by RONALD CRICHTON

The European Broadcasting Union's International String Quartet series came to an end on Monday in London, in the Wigmore Hall. The Lindsay Quartet, with Simon Rowland-Jones played, not quartets but quintets. Nothing English (not many native string quintets spring instantly to mind) but a touch of knowledgeable sophistication in the choice of a classical programme which earn us good marks among discerning lovers of chamber music in the many countries relaying the concert. The choices were: Mendelssohn's op. 18, the slow movement "front" Bruckner's solitary Quintet, and Mozart's

K.583 in D. Since chances of hearing the Bruckner are not common, one rather resented being given only one movement, but resentment was lessened because the Mendelssohn Quintet is as rare if not rarer and longer too.

One thing emerged clearly and unexpectedly from a radio listener's point of view, namely that Bruckner's G flat Adagio is more transparently written than the Mendelssohn Quintet—though from Mendelssohn's one expects a degree of transparency second only (among the German-Austrian school) to Haydn or Mozart. Mendelssohn's op. 18 was written, except for

the slow, elegiac Intermezzo, a later addition, when he was 17, but youth with this composer did not preclude extreme technical ability—rather the contrary. The performance may have had nothing to do with it. In the Mendelssohn the Lindsay Quartet had not quite settled down, and though they played with fire (especially in the passionate climax to the first movement) there was, as there usually is at this point of a quartet concert, some slightly sour intonation.

By the time Bruckner was reached the players had passed the uneasy stage, and there was

no mistaking the mastery and economy (on the grand scale) of the writing—deep and long study of polyphonic church music transferred sympathetically to the world of stringed instruments. The Mozart of course was transparent—in K.583 he likes to pretend that the five players are really six by the device of working the first viola overtime, first as bottom line of a high trio then as top line of a low one. The finest playing came in the slow movement, where there are flashes of pain worthy of Schubert's C major Quintet and in the irregularly phrased Minuet and arpeggiated Trio.

Gardiner Centre, Brighton

The Ballad of the Sad Cafe by B. A. YOUNG

The story that Carson McCullers has to tell is bleak and sad. The hill-billy folk among whom it happens are pretty bleak themselves, seldom using principal verbs in their speech, and then only in the present indicative; and the bleakness of them all is Miss Amelia Evans, who sells liquor to the men and uses the profits to buy up all the land she can. Miss Amelia is played by Barbara Jefford, coiffed and dressed like a truck driver. The arrival at her house of Cousin Lymman, a lively little hunchback, a lively little hunchback to whom she takes an immediate and incomprehensible shine, brings so many neighbours to her store that it becomes a kind of café, where she sells food as well as liquor. But an equally unexpected arrival is that of her former

husband Marvin Macy. Their marriage, after two years' courtship, lasted ten days, after which Marvin, the wedding brutally unconsummated, took off and went to jail for robbing filling-stations. Now he is back, and the outlook is menacing.

Miss McCullers' tale was written as a novel and Edward Albee has had a hard task turning it into a play. There are some fascinating people to watch, and Miss Jefford, Christopher Ryan as the simian little hunchback, and Norman Bowler, all ungraceful power like a steam-roller, do them with much more credibility than one might expect, given the foreign nature of the subjects. There are some telling scenes, culminating in a prolonged wrestling match between Miss Amelia and Marvin, which Miss Amelia (a

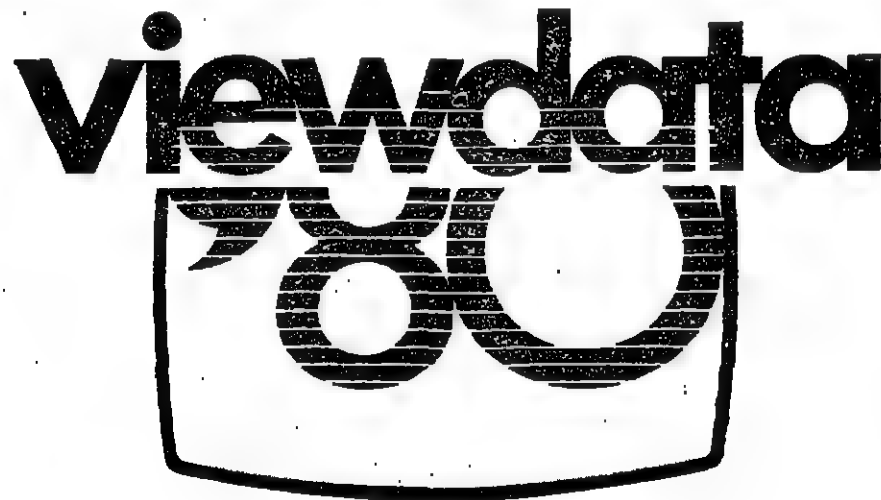
pretty dirty fighter) comes close to winning. There is true pathos in Cousin Lymman's switch of loyalties.

But Mr. Albee has had to rely on a narrator for his continuity, and a narrator of the most tedious kind, who not only sets the scenes, but jumps in as they proceed to make footnotes on what is happening. For some reason the part has been given to George Pravda, who is a fine actor and looks OK, but whose Czech voice gives an irrelevant touch of Hans Keller introducing a music programme on Radio 3.

Mr. Albee has also to populate the stage with extra characters representing the men in the hot, dusty street, and they take up most of the first act with detail that may be great on the page, but in the

theatre is too clearly the kind of introduction that in song sheets used to be marked "till ready." We are not ready until the start of Act Two; and even then we need a flashback.

John Halle has devised a suitably bleak composite set showing the outside and inside of Miss Amelia's premises at once, though I should have liked a harsher light from John Eden Green, and a generally increased feeling of dust and heat. Patrick Lau, the director, has the pace exactly right—never more so than in the scene where Miss Amelia, having received a stammering proposal of marriage from Marvin, garnished with a bunch of wilting swamp-flowers, pauses for half a minute, scratching her armpit reflectively, before her romantic reply, "Sure."



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FINANCIAL TIMES

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Wednesday May 9 1979

The need for Euro-voters

IN UNDER one month's time, British voters will be invited to return to their polling stations to vote in another election. It must be doubted whether very many of them are yet aware of it. Political activity in the UK over the past few weeks has concentrated almost exclusively on last week's general election, and its outcome is still the main talking point. The general election's timing has further complicated the already difficult task of all those trying to stimulate interest in the first EEC-wide direct elections to the European Parliament, due to be held in Britain on June 7.

Business view

Yet the European election campaign is now officially under way. An EEC-financed information programme, held up by the general election, is about to be launched, and this week sees the final Luxembourg session of the outgoing European Parliament, whose members were "indirectly elected" by their national Parliaments. Yesterday the Confederation of British Industry entered the fray with the publication of a pamphlet on business views on the way ahead in Europe, which is to be sent to each prospective British Euro-MP.

It is clearly going to be an uphill struggle to arouse public interest between now and June 7. A private poll commissioned by the European Parliament last month appeared to reveal a high degree of public ignorance and apathy in the UK. Almost 40 per cent of those polled had never even heard of the European Parliament and only 4 per cent knew the election date. With constituencies ranging in size up to well over half a million voters, it is not going to be easy for individual candidates to put their message across to a major proportion of the electorate in person.

Public be aware

Yet it is important that the public should be aware of the significance of the vote on June 7. The European Parliament has often been derided as a "talking-shop", and that is the way most of the British public would like to keep it. The French Government insists, as did the British

Labour Government, that direct elections will not lead to any increase in the Parliament's powers. That may be true in the short term. But it is inconceivable that the new directly elected MPs will calmly accept that their role should be dictated to them either by the member Governments or by the Community's other institutions. They may even welcome a confrontation with the inter-governmental Council of Ministers to prove their point—particularly as they could well gain the sympathy of governments such as those of West Germany, the Benelux countries and Ireland.

Three factors should be borne in mind. First, the Parliament already has powerful weapons—such as the right to reject the entire Community budget and sack the Commission on bloc—which have yet to be fully exploited. Second, the Parliament's influence has been slowly but progressively increasing over the past decade—particularly through more insistent public questioning of Ministers and Commissioners. Third, the new Euro-MPs will want to break new ground without waiting for an increase in their powers to be formally approved. They are likely, for instance, to strengthen their committee system, develop the idea of holding hearings on the lines of the U.S. Congress and, last but not least, decide to meet much more often than the present 11 weeks a year.

Legitimacy

Such developments should be welcomed. It would help to provide the Community's institutions with the democratic legitimacy which they have often been criticised as lacking. It should involve more of Europe's citizens in decisions which in the past have often seemed contested and remote. It should also help to give the Parliament a more dynamic role in discussion of the whole direction in which European integration is heading, at a time when fresh ideas could inject a new stimulus. All of this makes it essential that the turnout in Britain on June 7 should be as large as possible. If British Euro-MPs are to play a credible part in the new Parliament, it is important that they should have convincing backing from the electorate.

Israel and the Lebanon

ONCE AGAIN the Lebanon has become the hapless victim of the war of attrition between Israel and the Palestinians. Originating in the sea-borne raid by guerrillas in which four Israelis were killed on April 22 at Nahariya, the latest round of violence is all too familiar and reminiscent of the events that led to the Israeli invasion of Lebanon in March of last year. The UN force sent to fill the vacuum in the south of Lebanon has proved itself incapable of preventing Palestinian provocations not the least because the guerrillas' artillery pieces have the range to reach the north of Israel. Once again Israel has brought the weight of its military machine to bear in retribution. In doing so it has heightened the tension in the region and, specifically, the danger that Syria might be dragged into a conflict not of its own choosing.

Inevitable

Coinciding with the formalisation of the Egyptian-Israeli treaty, the latest confrontation could be seen as a bleak comment on it. Intensification of Palestinian terrorism was an inevitable response to the pact. It had already come in the form of a series of bomb explosions on the West Bank and in Jerusalem as well as incursions across the land border. The Nahariya operation was a futile one and—despite the senseless loss of life—could only be regarded as a mere pin-prick in military terms. Predictably, Israeli retaliation to the original attacks and subsequent artillery bombardments has been heavy in proportion to the strength of its war machine.

However, the retaliation will prove equally futile in achieving the Israeli objective. Vengeance apart, that is nothing less than the suppression of Palestinian political expression and armed strength. The Palestinian problem is intractable and perhaps insoluble as long as the mainstream movement led by Mr. Yasser Arafat refuses to recognise the right of Israel to exist within secure and recognised borders. Israeli strategy has always been to make life intolerable for any government or country harbouring guerrillas.

It worked with Jordan a decade ago, but cannot succeed in Lebanon, an entity fatally fragmented by the 1975-76 civil war and only held together by

the Syrian troops who are all that remains of the original Arab joint peace-keeping force. President Hafez al-Assad of Syria, like some other Arab leaders, would no doubt be relieved if the Palestinian problem were to evaporate into thin air. As it is, his regime can hardly be expected to comply with Israeli wishes when Mr. Menahem Begin, having secured a bilateral deal with President Anwar Sadat of Egypt, has totally ruled out the return of the occupied Golan Heights as part of a comprehensive settlement and thus effectively destroyed any faint hope that Syria might at some point join in the U.S.-sponsored "peace process".

In the circumstances Mr. Begin's offer of a peace treaty to President Elias Sarkis was not only somewhat theatrical but also illogical. He accompanied it with a call for the removal of Syrian troops from the country when he knows as well as anyone that the country would fall into anarchy if they departed. Almost in the same breath the Israeli Premier referred to Mr. Sarkis as a Syrian "puppet". In reality Mr. Begin's hope would probably be that in the absence of Syrian troops right-wing Christian factions would triumph in renewed civil war with Israeli backing and a regime would emerge willing to enter into a separate peace agreement. But that would not solve the Lebanese problem.

Self-determination

To say the least, the flare-up does not augur well for the negotiations between Egypt and Israel, with U.S. participation, on autonomy for the inhabitants of the occupied West Bank and Gaza Strip. In advance of the talks scheduled to start later this month Mr. Begin has refused to contemplate Israel giving up control of security or the "right" of Jewish settlement which his Government is relentlessly pursuing.

Even though he is ostracised by nearly the whole of the Arab world, Mr. Sadat can ignore neither Israel's actions in Lebanon nor the substance of Palestinian aspirations for a homeland. The U.S. has been only mild in its criticism of the force of Israel's retaliation. The onus lies heavily upon Washington to restrain its client and to induce it to think in terms of a more meaningful form of Palestinian self-determination than has so far been envisaged.

IF PRESIDENT CARTER and Soviet party chief Leonid Brezhnev sign a Salt II agreement they will also give powerful ally to the almost forgotten MBFR (mutual and balanced force reduction) talks in Vienna between 12 NATO and seven Warsaw Pact states.

Even a Salt II accord would not automatically produce a breakthrough at the deadlocked MBFR negotiations, which formally opened in Vienna 5½ years ago. But both Eastern and Western sources close to the talks believe that without a Soviet-U.S. deal on strategic arms limitation there can be no real progress in the foreseeable future towards a mutually acceptable compromise over the reduction of military manpower and hardware in Central Europe.

After 201 plenary meetings in 17 rounds of negotiations, the two sides are still far apart even on the central issue of just how many soldiers the Warsaw Pact has facing NATO in Central Europe, with NATO insisting that there are 150,000 more troops there than the East will admit to. Profound disagreements also remain over the scope, timing and structure of what is officially described as "mutual reduction of forces and armaments." The so-called associated measures necessary to monitor the implementation of any agreement are also bound to be a hard nut to crack. Yet given sufficient political will on both sides, this seemingly hopeless exercise, now bogged down in haggling over disputed manpower figures, almost overnight could become a crucial element in the quest for détente.

Political factor

Far from dwindling in importance, the talks recently have become an important factor in German politics and their outcome will also have a major impact, in one way or another, on the security interests of all the European countries.

In order to understand the claims and counter-claims presented at the once-weekly plenary meetings, it is necessary to translate the conference jargon into plain English. Thus, for example, speaking on behalf of NATO at a Press conference before the Easter recess, the Dutch chief delegate, Ambassador de Vos, singled out "parity, collectivity" and "data discrepancy" as the central issues. What, then, do these terms actually mean?

To start with, any future possible agreement would affect, on the Western side, the forces stationed by the U.S., Canada and Britain in West Germany and the Benelux states, as well as the troops of those states. It is the Benelux countries and West Germany which comprise the Western forces reduction area. On the Eastern side, any

agreement would affect the armies of East Germany, Poland and Czechoslovakia as well as the Soviet troops stationed in the three countries (but significantly not in Hungary, which is not in the Eastern reduction zone). From the very beginning, the two sides have disagreed on how to interpret the principle of "parity" of ground force manpower and the meaning of a common collective ceiling on soldiers and airmen from each side.

NATO maintains that there is a Warsaw Pact superiority of 150,000 troops and over 10,000 battle tanks in the central region. However, the East replies that there is "a historically established approximate equilibrium of armed forces in Central Europe." Warsaw Pact negotiators for their part complain that NATO, after 10 months, has still failed to give a real answer to the East's proposals of June 8 last year. These, for the first time, accepted the West's call for common ceilings of 700,000 men in ground forces and 280,000 in air forces. The Communists' bloc even agreed to make slightly bigger cuts than NATO, offering to withdraw 135,000 troops including, in Phase One, 30,000 Soviet soldiers, in exchange for a NATO cutback of 51,000, including a first-phase reduction of U.S. forces by 14,000 men.

The crucial point, however, is that in order to achieve what the West likes to call "genuine parity" the Warsaw Pact would have to reduce its ground forces in Central Europe by not 105,000 men, but 282,000. This is why the Eastern bloc spokesmen keep complaining that the West still seeks "asymmetrical" reductions requiring the Warsaw Pact to make numerical reductions three times larger than those of the West.

In Communist parlance, this

would be incompatible with the principle of "undiminished security." But above all, it is claimed time and again by the East that the Western estimates are completely off the mark and that the "simplest" way out of the impasse is for NATO to accept the official Eastern data. During the last two rounds, however, NATO for the first time presented altogether 18 items of data on the components of Soviet, Polish, East German and Czechoslovakia major formations. It is understood that about 80 per cent of the "missing" 150,000 men are shown to be in Soviet and Polish units. According to reliable sources, refined NATO intelligence estimates reveal that the Soviet formations in the area include almost 80,000 such "phantom soldiers" and that the strength of the Polish divisions is also understated by over 40,000 men.

The Warsaw Pact so far has refused to present its own detailed data. It is important to remember that on this issue the two sides quarrel only over the real or perceived strength of the Warsaw Pact forces. The data about NATO and its national components are public knowledge and not really difficult to believe that the East will move on the sensitive data issue without agreement being reached on other related issues.

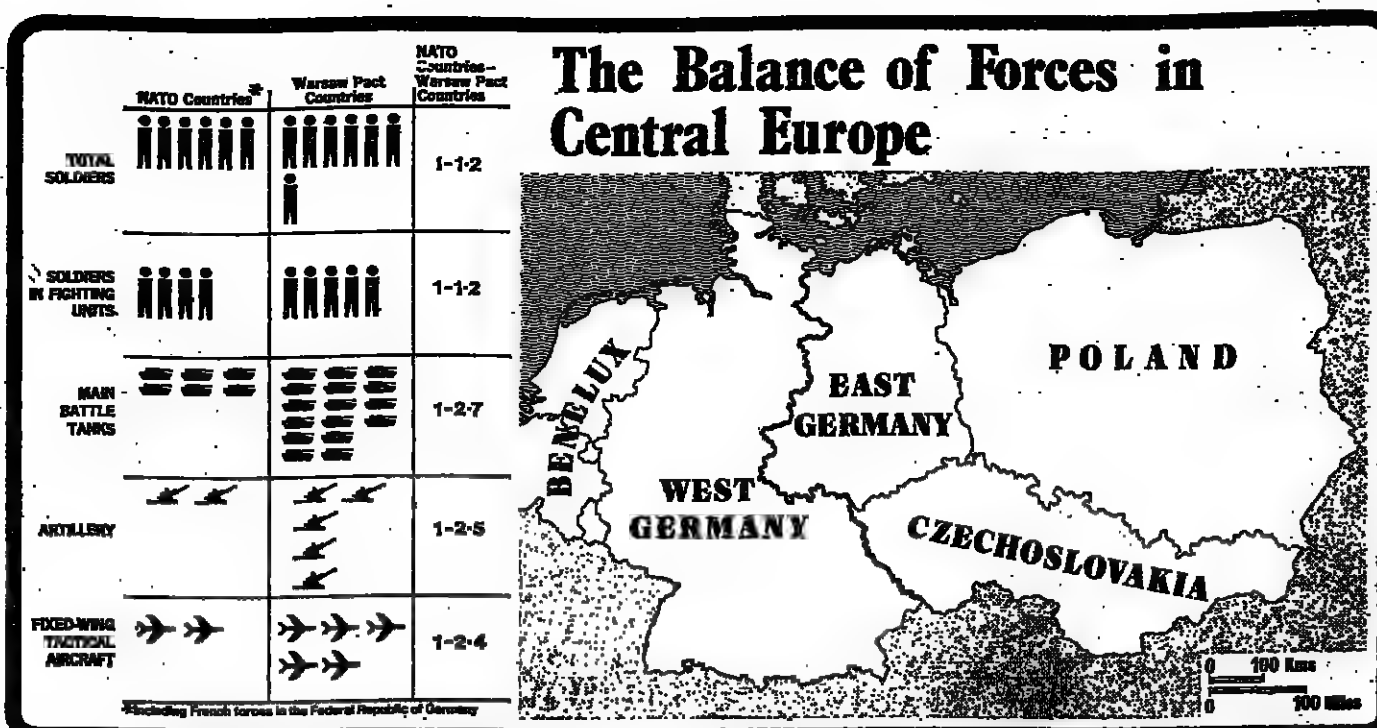
Principle of 'collectivity'

Another main bone of contention concerns the principle of "collectivity."

On December 13 last year, NATO tabled proposals which some observers regard as going dangerously far in meeting Eastern demands. The West

BY PAUL LENDVAI IN VIENNA

The Balance of Forces in Central Europe



remarked sarcastically that an Eastern Conference should put it. "The West should not forget not underestimate the fact that, after all, we are now discussing military data which only a few years ago would have been regarded as treason."

The overriding issue is the massive Soviet military presence in the heart of the continent. This is why NATO, in its first major move in 1975, sought to trade off nuclear delivery systems for the withdrawal of an entire Soviet tank army of 88,000 men and 1,700 tanks. In April, 1978, the West made an important concession suggesting that instead of withdrawing a tank army from East Germany, the reductions of the 88,000 men and 1,700 tanks could be made wherever the Soviet Union chose. In June last year, the East accepted the idea of a nuclear trade-off, but offered only 1,000 tanks in exchange.

Meanwhile, however, rapid Soviet advances in developing "grey area" nuclear systems, including medium-range SS-20 missiles targeted at Western Europe without being subject to an MBFR treaty, have shifted the nuclear balance against the West. NATO's so-called "one-for-one" offer could become a double-edged sword, since it could restrict its ability to deploy new nuclear systems to match the Soviet SS-20 missiles. Some influential NATO officials, therefore, would prefer a review of the nuclear trade-off and opt for a more modest deal concerning only ground force manpower.

Exit and entry points

Next, the two sides will have to grapple with the issue of confidence and compliance measures such as mandatory exit and entry points for troops, the notification of military movements in advance and the access of inspection teams to East European territory. Such confidence-building measures are vital to limit the ability of each side to launch an attack without a prior build-up of forces.

A Salt II agreement would certainly give a jolt to the grinding MBFR talks. But it could also spark off pressures to prepare an agreement in great haste and even at the price of sacrificing hitherto "indispensable" principles concerning parity and future security. Even a comprehensive agreement would little change the East's basic strategic advantages, due to the relative weakness of the Soviet Union to the stage of potential conflict and the distance from it of the U.S.

Thus it depends not only on the political will, but also on strong nerves and cohesion of the Western Alliance, whether an MBFR agreement will make an important contribution to military security and political stability in Central Europe.

MEN AND MATTERS

'Mr. Save-It' back in Whitehall

The man chosen to lead Thatcher's war on waste, Sir Derek Rayner, will feel quite at home in the corridors of Whitehall. A joint managing director of Marks and Spencer, he was "lent" to Heath in 1970 to look into the buying policies of the Ministry of Defence. The businesslike report which followed led to the establishment of the Procurement Executive, which brings together all purchasing decisions and is responsible for an annual budget of about £1.26bn.

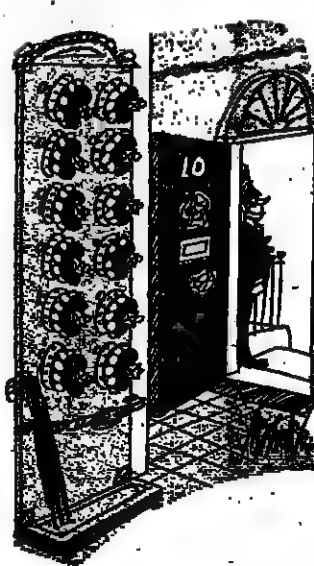
One reward was a knighthood in 1973, another was a salary of £15,000. But his new and somewhat vaguer position as personal adviser to the Prime Minister on government waste is—apparently—unpaid.

A 53-year-old bachelor who at one time intended to go into the Church, Rayner is a forceful and clear-headed character. One view he is known to hold strongly is that Permanent Secretaries cannot be held liable for everything everyone does under them. He feels that responsibility should be pushed down the line, and that officials should have the same motivation and concern for customer satisfaction as the manager of an M and S store.

Apart from his earlier Whitehall experience, another Rayner recommendation is precisely his connection with M and S. Thatcher made glowing references to its efficiency throughout the campaign.

On with the new

The ventures of Sir Charles Forte into magazine publishing have been somewhat nervous so far. The main accomplishment has been to acquire the Investor's Review (founded 1892), then dispose of the title to the Investors Chronicle. But now comes the news that the Trust Houses Forte "magazine



interests" are planning a glossy monthly, entitled Panache. Meanwhile, what of Time and Tide (founded 1920), the once-distinguished Liberal weekly? It is the only remaining publication in the TRF stable, and slips out inconspicuously once a month. "No final decision has been made," I was told cautiously by manager Don Eglington. "But we shall be putting the emphasis on the new magazine."

Shock was expressed when I asked if the new glossy would be distributed through TRF hotels. But Eglington agreed that the group would be "ideally placed" to put it in the hands of likely subscribers and advertisers.

The editor is an American-born woman journalist, Leslie Field, and the first issue is due out in November. By that time, I sense, the tide will have finally gone out for the Journal which once lionised Lloyd George.

Rank Nostalgia

Last night the Queen and Prince Philip went to see The Lady Vanishes, the remake by Rank of an old Hitchcock thriller. Whatever the tension

on the screen, I fancy the tension among the Rank executives must have been greater. This is Rank's most expensive production for 13 years, a £5m investment of its own money.

Over the past decade Rank has run down its film-making side, apart from cheap "Carry On" comedies. But when EMI started to roll in the money from lavish international successes like Murder on the Orient Express, and Lew Grade showed how films and U.S. television could be profitably harnessed together, Rank acquired fresh confidence. Two years ago it switched Tony Williams, then 34, from the exhibition side to production, gave him an annual budget of £4m, and told him to get on with it.

Williams has settled on a policy of making films appealing to a broad age-range and to a worldwide market. Of the six he has approved to date, three—The 39 Steps, Riddle of the Sands, The Lady Vanishes—are old-fashioned exciting yarns. The first already have good financial omens, but The Lady Vanishes will be the crucial test.

Milk Street man

The one-time chronicler of the 1922 Committee, Philip Goodhart, will no doubt feel some regret at having to relinquish the position he has held for 19 years as its joint secretary. In his new capacity as a junior minister for Northern Ireland, Goodhart, 53, is automatically barred from membership.

Considered the most influential backbench body at Westminster, the 1922 Committee has been a force to be reckoned with ever since it came into being at the time of the Tory-inspired overthrow of Lloyd George.

More recently it—and Goodhart—played a central part in ousting Edward Heath from the Tory leadership after the two election defeats of 1974. Thanks to a (well-publicised) secret meeting at the offices in Milk

Street of Edward du Cann, the committee executive earned the name "Milk Street Mafia." Goodhart once claimed the committee was merely "reflecting the views of the Parliamentary party in forcing the issue." The election of Margaret Thatcher was not inevitable: the departure of Ted Heath was.

Guessing games

The state of affairs in South Africa may not be changing fast enough for everyone, but there is plenty of flexibility down there in the use of names. Dr. Piet Koornhof, Minister of Plural Relations and Development, has transformed his department into Co-operation and Development. Before that it was simply the Department of Native Affairs.

Even worse have been the problems of Fanie Botha, Minister of Labour. At a press conference last week he could not remember the proposed name of his new department (to be entitled Manpower Development). In a slip which may have indicated his own preference, and certainly reflects South African Labour laws, he said it was the Department of Management. But even when he gets the name right, he must face up to the acronym by which it is sure to be known: MAD.

Fish tails

I am looking forward to a reception in Bloomsbury Square today, to which I have been kindly invited by the Atlantic Salmon Research Trust. Trust wishes to tell me about threats to the well-being of their favourite fish. "There'll be smoked salmon to eat," an organiser told me enticingly. Was there not some contradiction in this menu? I asked. "It's the only thing that goes with champagne, isn't it?" she replied.

Observer

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FINANCIAL TIMES SURVEY

Wednesday May 9 1979

British
skills
lead
the way

By Max Wilkinson

Viewdata systems

The British Post Office, which pioneered viewdata—the world's first electronic publishing system—anticipates a major demand for its recently-launched public service, Prestel. Meanwhile, there are strong international moves to produce rival computer information systems which offer a wealth of information, via the television set and telephone, for both home and business uses.

THE NEXT few months will be an anxious time for the many people who have now invested time and effort in the future of viewdata, the world's first electronic publishing system.

The idea has been developed and refined for nearly a decade and is now ready to start on its first commercial journey. But exactly when it will take off and how fast it will travel towards profits and public acceptance, are still very much open questions.

The British Post Office, which pioneered the idea, launched the first public viewdata system which it calls Prestel at the end of March. But so far, despite considerable interest and some 4,000 inquiries, not much progress has been made towards getting a public service off the ground. This is mainly because television set makers are not yet ready to produce the adapted receivers which will be needed for Prestel.

Viewdata systems, of which Prestel is the pioneering example, are designed to convert the domestic television set into a terminal which will display words, graphics rather than motion pictures with sound. The set is linked through the ordinary telephone service to a central computer which can store hundreds of thousands of pages of information ranging through timetables, stock market prices, theatre guides, reviews, news and encyclopaedic information, to games, quizzes and advertisements. In fact almost anything which is at present published in books, magazines or brochures can in principle be published electronically by viewdata. However, the size of the screen limits the number of words which can be shown on each electronic "page" or frame, so that it is unlikely that viewdata would ever replace computer automatically, which

lengthy books, and it probably would not be a substitute for very long newspaper and magazine articles, at least within the present technological horizon.

Viewdata's great advantage over all conventional means of publishing is that it is "interactive." That means the user can communicate with the computer which is storing the information, not merely to request further pages, but to answer questions, play games and quizzes with the computer or to do his own tax and mortgage calculations on the system. It is even possible for a user to make a direct purchase by supplying his credit card number in response to an advertisement. The computer would automatically forward the number to the advertiser which could then send the goods. Viewdata could also be used to send bank statements to customers and for many similar transactions.

Automatic

To operate the system, a user needs a specially modified television set and, of course, a telephone. The set is supplied with a remote control keypad, which looks rather like a pocket calculator.

By pressing a few buttons the set can be made to dial up the viewdata would ever replace computer automatically, which

will first flash an index onto the screen.

In Prestel, the user finds the page required by moving through a series of indexes arranged in a "tree" structure. Any particular page can also be found by looking up its number in a directory and pressing the appropriate keys.

Prestel was designed by the Post Office to be extremely simple to use and as cheap as possible. So, although it is a computer information system, it uses no computer jargon and is intended eventually to be available at a price which a high proportion of people could afford in their own homes.

Information for the system comes from a group of independent organisations including publishers, official bodies, advertisers and agencies, which the Post Office has called information providers. They pay a fee to the Post Office for the use of the computer storage, and recoup costs from the users who pay them anything from zero to 10p for each page which is inspected. These charges are added up automatically by the computer.

Although Prestel was designed primarily as a public information medium, the system will accommodate closed groups of users who wish their information to remain private within the

group. These groups will be allocated storage space in the main computer alongside other information providers. But only those users which know the correct code number will be able to gain access to the files. Closed-user groups may include individual companies, professional groups, club societies and even hobbyists.

Prestel is much the most important viewdata system in the world at present, and it is discussed in more detail in a subsequent article. However, the Post Office made it clear from the start that it did not intend to operate viewdata as a monopoly, and already a number of different systems based on the same basic idea are being developed in the U.K.

It is possible for anyone to set up his own viewdata system. All that is needed is a suitable mini-computer and connections to the telephone network. Then, provided the system uses the same display format as Prestel it can be dialled up by any Prestel receiver.

In the UK, both Philips and the General Electric Company have announced that they will supply equipment for setting up private viewdata systems, including Thorn and International Computers have set up private systems.

Private systems can be expected, initially, to fall into

two broad categories. The first type will be for use in large companies for internal information purposes, ranging from internal telephone directories to sales prices stock lists, and even the engagement diaries of executives.

Many of these large companies will already have computer systems, so why, it may be asked, should they wish to buy a viewdata system as well? The main reason is that viewdata is highly specialised and designed to be very much cheaper than most other computer systems.

Ideal

A viewdata network is intended almost entirely for publishing information with the minimum of computation involved.

It is especially suited, therefore, to supplying basic company data like parts lists and availability to a sales force spread through many different locations.

If Prestel sets become common throughout industry and commerce, a salesman could dial up his own company's viewdata system from most customers. Whitbread, the brewer, has already ordered such a private system from GEC.

The second major category

will be of specialised groups which want to take advantage of the relative cheapness of viewdata, but cannot be accommodated on the Prestel system. An example is the Stock Exchange, which is developing a system for its members to show up-to-date market prices.

This system, called the Exchange Price Information Computer (EPIC) is intended to replace the present black and white system in which prices are displayed on one of 22 separate channels. The present system is limited to the information which can be displayed on 23 different frames (one for each channel). But a viewdata system is indefinitely expandable. It can store hundreds, thousands or even hundreds of thousands of pages without difficulty.

Moreover, a viewdata system can show words and figures in colour, so that price changes and especially significant information can be highlighted.

The Stock Exchange has chosen to develop the new EPIC independently of the Post Office, because the 2,000 sets of its members will need to be connected to the computer almost continuously.

This means that special links with the computer will be needed, as well as special facilities to enable the market prices

to be updated while they are being displayed on a user's screen. This would not be possible on Prestel, because it has been designed for more general application in which stored information will need to be updated only a few times a day at most.

Development

Without doubt, similar specialised viewdata services will be developed for other uses, for example in commodity broking, banking, insurance and the money markets. All viewdata systems will, however, need to be compatible with Prestel if they are to take advantage of the economies of scale which it is hoped will result from using domestic colour television sets as the basis of the terminals.

Most sets installed for private systems, will therefore be able to receive Prestel as well, and (a bonus which should not be mentioned too loudly) they will also be able to receive Wimbledon and the Test matches.

Although viewdata's main strength is in electronic publishing, the system will, before long, merge into more advanced computing functions, mainly because of the rapid development of small low cost personal computers.

CONTINUED ON NEXT PAGE

The first generation of viewdata terminals will have limited memory and no computing power. They will merely be able to call up one frame at a time from the central computer and remember it even when the phone link is severed.

However, the next step will be the development of "intelligent" viewdata terminals with independent computing power and memory. A micro-computer costing only a few pounds and memory components could easily be added to the television set. This would allow it to store a large number of frames of viewdata information, for example market prices or timetables, and then make its own calculations on the data.

Thus, an investment manager could undertake his own portfolio analyses or a travel agent could use a small computer to plan customers' best routes, on the basis of viewdata information obtained perhaps once a day or once a week.

Several home computers, including Commodore's PET at a starting price of about £500, Apple, sold by IIT in the UK, and a new machine expected soon from Texas Instruments would be suitable for this type of application. A range of new terminals can therefore be expected, from television sets with their own microcomputer included, boxes which plug in to an ordinary set like Apple, and complete units with a small black and white screen like PET.

In addition, present manufacturers of computer terminals, small office computers and word processors can all be expected to modify their equipment so that it can receive viewdata.

Special business sets in black and white only are being developed by GEC, Standard Telephones and Cables and Pye. And the Post Office is itself considering whether to launch a simple adapter costing perhaps £100 which would convert existing sets into viewdata receivers, simply by plugging into the aerial socket.

It is clear, therefore, that the basic viewdata concept is capable of being adapted to a wide variety of purposes ranging from those of the sophisticated business user to the ordinary householder, for whom Prestel may be seen at first as simply another consumer gimmick.

In the longer run, however, it is hard to resist the conclusion that viewdata is capable of having a major impact on society as a new publishing

THE TELEPHONE AND TELEVISION CHANGED PEOPLE'S LIVES. THEY'RE ABOUT TO DO IT AGAIN.

Back in March, the Post Office delivered one of its most astonishing messages ever.

About a new service called Prestel.

So revolutionary is its technology, that the Germans and the Americans are clamouring to Britain for the know-how.

What is Prestel?

Prestel is a computer information service that is used in your own home or business.

This is how it works.

You buy or rent a special Prestel television from your local TV showroom.

We then connect the television to your telephone.

Each television comes with a small remote control, rather like a pocket calculator. (We call it a keypad.)

On it, you'll find a series of numbered buttons.



By pressing one of the buttons, you contact the central computer via your telephone line.

Prestel then announces itself by greeting you personally on your television screen.

At the press of a second button, an index of the available information appears. (Just like the picture above.)

Ask it a question.

You're now in contact with a store of information that numbers some 100,000 pages. More than 10,000 pages are being added monthly.

All provided by well-known organisations.

The Stock Exchange, The Economist, Exchange & Mart, Fintel, The Good Food Guide, Guinness Book of Records, Norwich Union, W.H. Smith, British Rail, Datastream, Peat Marwick Mitchell and the English Tourist Board to name but a few.

Investment statistics, company information, accountancy standards, company law, export information, Government statistics, tax guides and the week's business in Parliament are all at your fingertips.

As are train, boat and aeroplane timetables.

You simply ask the computer questions by pressing the number on your keypad relating to the information you want.

Then up pops the answer on your TV screen.

It'll take you literally minutes to learn how to use it. And then you'll be able to get the information you want in seconds.

How much does it cost?

Needless to say, a Prestel set is more expensive than an ordinary TV.

But beyond the initial outlay, you pay for the service only when you use it.

And that's the cost of a local telephone call, plus a small usage charge and the cost of the piece of information on the screen.

That varies from nothing to several pence per page.

Which makes it one of the most cost effective information providers in existence.

Any time you want to know your exact bill to date, there's a page that'll give you that up to the minute information as well.

'Up to the minute' is the key phrase in fact. Because unlike the guides you buy in book form that quickly date, Prestel can provide the very latest information.

When can I have it?

As we said earlier, the Post Office has been offering the Prestel service to residential customers throughout London since March.

This is a preview of the full public service which later in 1979 will first be extended to London business users, then on to Birmingham, Manchester and Edinburgh and then followed by the rest of the country.

For a list of the selected showrooms where you can see Prestel demonstrated, please send the coupon below (no stamp needed) or dial 100 and ask the operator for Freefone 2043.

Then we can tell you more about the biggest breakthrough in communication since the telephone and television.

W. B. Morley, Prestel Marketing
Freeport, Cambridge CB2 1BR.

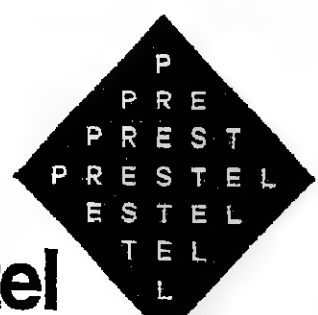
I want to know more about

Prestel.

Name _____

Address _____

Postcode _____



Prestel

The Post Office Viewdata Service.

VIEWDATA SYSTEMS II

Big plans to extend Prestel service

THE OFFICIAL launching of Prestel, the Post Office's viewdata, as a public service on March 27 was something of an act of faith. It generated considerable interest, but not much more, because adapted television sets needed to receive the service will not be available in volume until at least the autumn—and possibly not until 1980.

One month after the launch the Post Office said there had been 4,000 inquiries by people who were interested in being connected to the service, but a spokesman said: "We don't know whether that is a little or a lot, since we have never launched a Viewdata service before."

The response, in fact, is difficult to gauge because very many people know that they have no prospect of being connected to Prestel at least for several months. Real interest in the system will not be accurately gauged until the manufacturers, and hence the providers of information, are ready to launch a promotion campaign in earnest.

The key to producing sets at a low cost will be the availability of advanced micro-electronic components which are now being developed by Mullard (the Philips subsidiary), Texas Instruments and by the General Electric Company. If these chips can be successfully produced in ade-

quate volume, and that means in hundreds of thousands, the cost of a Prestel set (which will also receive broadcast teletext) should be only about £50 in addition to the cost of a 28 in remote control colour set—say, £500 at current prices.

The pricing policy of manufacturers in the vital launching period, when they need to stimulate consumer demand, is still uncertain. They may wish to concentrate on providing high-priced sets for the smaller business market, which is expected to provide the first wave of purchases; or they may go all out for the top-end of the consumer market as early as possible.

Successful

Meanwhile, the Post Office has been extremely successful in gathering together a group of information providers from a wide variety of interests. So far, more than 150 publishing and other organisations have contracted to supply nearly 300,000 pages (or frames) of information to be stored on the Prestel computer, and about 400 organisations would now like to become information providers in some form or other.

These information providers include business information bodies, airlines, publishers of guides, magazines and time-tables, official bodies including

the Central Office of Information, consumer advice organisations, and advertisers. Some information providers have booked pages on the Prestel computer with the object of substituting them to other organisations, including advertisers, who wish only to place a few pages on the system, but do not want to invest in the special equipment needed to enter pages on to Prestel and to keep them updated.

A page holds the amount of text or graphics which can be displayed on the television screen at one time. This is a maximum of 24 lines of 40 characters each or a total of 960 characters.

Each user is allocated a personal code number which is built into the receiver and is automatically scanned by the Prestel computer every time a call is made. It is used for identification and billing purposes.

To obtain Prestel information, the user switches on the set and makes a local telephone call to the nearest Prestel centre. In some of the earliest sets it was necessary to dial all the digits on the telephone handset, but in most of the newer models, telephone connection will be made automatically by pressing a button on the television set.

The longest waiting time for any particular page is designed to be two seconds. A further

four seconds is required for the page to be captured by the user's television screen. However, the user can start to read the page as soon as the first line appears, so that this waiting time is not a practical disadvantage.

At another touch of a button, the Prestel index appears on the screen, listing the main categories of information and a series of more detailed indexes.

Costs

While connected to the Prestel computer, the user is incurring three separate types of charge.

First, he is paying a local telephone call charge for the period of connection; second, he is paying a time charge for the period he is logged on to the Prestel computer. This has been set at 2p a minute for the start of the service, but the Post Office says the charge may be varied later. Thirdly, the user pays a charge levied on each frame by the information provider. This charge may be zero in the case of pages from advertisers or public bodies or up to perhaps 30p or more for information of high commercial value.

Most of the high value information is priced at about 10p to 15p per page, while general information aimed at a wider public is priced at between 0.5p and 3p per page. The pricing structure is likely to depend very much on future patterns of usage.

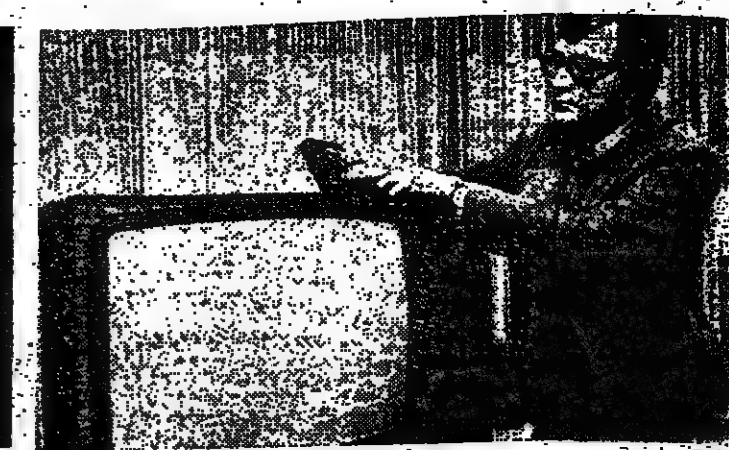
The Post Office stipulates that the price for each page should be displayed at the top right hand corner. The computer will give each user a running total of the amount spent on each call and the total billing for the current quarter. The charge levied by the information providers is collected from the user by the Post Office which then passes it on after deducting a 5 per cent factoring charge.

The information is to be stored in a network of identical computers, which will all be kept up to date with changes made simultaneously. The computers will be located in local telephone exchanges, so that in most parts of the country, a local call will connect the subscriber direct to the nearest computer.



Property company director, Mr. John Busby (left), sits in his West London home with inevitable paperwork to one side—and to the other an almost limitless source of information on a wide range of subjects.

Mr. Busby's latest aid in a world where up-to-date news and data are increasingly important for businessmen is



Prestel—the Post Office's advanced communication service linking the telephone to the TV set. Mr. Tim Chapman (right), Viewdata Services Manager at Baric Computing Services, tunes in to a Comet master page. Baric has topped the Prestel audience-viewing ratings, according to Post Office figures. Between October 6th, 1978, and January 28th, 1979, the screen pages on the Baric service were viewed 110,173 times by Prestel users and in the Post Office

ratings chart of page access statistics for all information provider databases, Baric was number one.

Jointly owned by International Computers and Barclays Bank, Baric is one of the largest of the Prestel information providers, with an availability of 8,000 screen pages, of which 1,000 were in use during the reviewed period.

British skills

CONTINUED FROM PREVIOUS PAGE

medium. By the mid-1980s, IIT believes that a third of all domestic colour sets sold in the UK could be equipped to receive Viewdata. That would be about 500,000 sets a year. By that time printer units, full typewriter-style keyboards and substantial memory units could be descending in price from the business to the consumer market.

If this happens, a substantial proportion of homes will be equipped with computer-like equipment capable of being linked to a post office computer

network which by that time could have over 1m pages available for inspection.

Messages

The system could handle large quantities of news and comment, classified advertisements and other information, and in principle would allow people to type messages to each other, either for display on a screen or to be printed out on a nearby printer.

The important point about such a service is that people equipped with this computing

power would not have to know anything about computer techniques, any more than they have to know how the telephone or the television set works.

Viewdata has been designed mainly to do familiar things in a different way—and some unfamiliar possibilities in addition. Many of the more exotic possibilities of computers have so far failed to gain wide acceptance because they are too strange. Viewdata, which is essentially a simple service, may lead to stranger consequences than people yet dream.

Where this is not possible, the Post Office plans to install high capacity data transmission lines to distribute the service. In these cases the subscriber will also pay only a local call.

The computers are designed to handle 200 users simultaneously and to store up to 250,000 pages. However, extra pages may be added by adding more disc memory units or by linking all the computers in the network to a large central memory, probably in London.

The aim of developing the computers so that they can handle 200 users at once has not yet been achieved, but development of the computer operating system could, in theory, allow them to be developed to handle at least this number and probably more users.

This year, the Post Office is spending £5m to set up Prestel centres in five of the largest cities: London, Birmingham, Manchester and Edinburgh. A further £18m has been earmarked to extend the service to Cardiff, Glasgow, Leeds, Liverpool, Norwich, Nottingham and other important centres. In the next five years, the Post Office is prepared to invest up to £100m in the system.

In theory disc units could be added indefinitely to the computers at least up to the capacity of several millions of pages. However, in practice the expansion of page storage will have to be related to the number of users. If Prestel had a very small number of users but a very large number of pages, each page would be inspected, on average a small number of times each year. Consequently the charge per page would need to be high. The rate at which pages can be inspected is also limited by the number of ports offered by each computer and its speed.

The other use of the central warehouse could be for frequently updated information such as stock prices, availability of airline seats and possibly a national classified advertising service for cars and houses. In many such cases, the cost of keeping files up to date may outweigh the costs of distributing pages to satellite computers.

However, nobody yet knows how the economics will work out precisely, and much will depend on the relative fall in price during the next decade of communications equipment vis-a-vis

computer in the normal way. The local computer will then obtain the page from the warehouse by a high speed data link.

The cost of storage in a data warehouse is relatively much lower, but the cost of inspecting it is higher because long distance communication is needed. It is likely, therefore, that the warehouse will be used mainly for reference material, like electronic encyclopaedias which can be left unchanged in the system almost indefinitely and which are inspected relatively infrequently.

The other use of the central warehouse could be for frequently updated information such as stock prices, availability of airline seats and possibly a national classified advertising service for cars and houses. In many such cases, the cost of keeping files up to date may outweigh the costs of distributing pages to satellite computers.

However, nobody yet knows how the economics will work out precisely, and much will depend on the relative fall in price during the next decade of communications equipment vis-a-vis

computer hardware.

To reflect these two types of storage two classes of service have been established: the first, class "A," is intended to apply to pages which will be duplicated in all the regional computers. The second, class "B," is for pages which could be expected to be stored in the information warehouse.

The charges for the public service starting in 1979 will be for class "A" a \$4,000 service charge plus an annual rental of \$4 for each page of information stored in the system. Discounts of 25 per cent and 40 per cent are offered for contracts of three years and five years, respectively.

For class "B" service, the service charge is only \$1,000 plus an annual page rental of \$1. In addition, however, the Post Office will levy a charge of 0.5 pence for each time that a user inspects the page. The lower standing charges reflect the relative cheapness of a coc central warehouse, and the usage charge reflects the expected cost of communication from the warehouse to the satellite computers.

Max Wilkinson

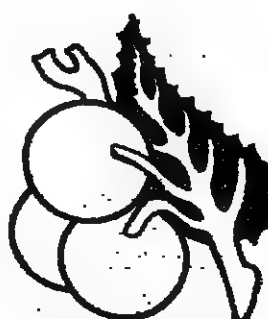
To view any data pick any Cherry.



Telephone: 01-459 2236/9



Telex: 288 623



Prestel No: *245 #

Most companies in Viewdata provide one service or another.

We happen to be experts right across the field.

The Post Office picked Cherry to provide the first public access terminals for Prestel. Now here is what we can provide:

1. Your own intelligent terminal, a single or complete system.
2. Public access terminals for Prestel.
3. Intelligent editing services for information providers.
4. Software development services, including

data base print-out and enquiry analysis.

5. Full umbrella services for sub-information providers.

Call any number and ask for Richard Davies.

Cherry Viewdata.

A DIVISION OF CHERRY LEISURE (UK) LIMITED, 387 HIGH ROAD, WILLESDEN, LONDON NW10 2JL

EX 100 150

Philips viewdata experience opens up a whole new world of knowledge.

From the very first days, Philips has been deeply involved in the creation of viewdata systems—with you and your business in mind.

And with substantial investment from the Group's annual £400 million Research & Development budget committed to this exciting new technology, the Philips involvement continues.

Our Mullard Applications Lab at Mitcham and Philips Research Lab at Redhill are engaged day to day in the current and future development of viewdata technique in all its aspects.

Additionally, all the Philips companies with

specialist skills in chip technology, video, computing, business equipment, telecommunications and systems software have been harnessed together to give a range of products and services second-to-none in the viewdata field.

So it is, today, that Philips Group companies and divisions are working together to give you a total capability in equipment and systems for all viewdata services of the future.

Now, as we move into a completely new era of business communication and information, you can be sure that with Philips you will stay—simply years ahead.

A business viewdata system of your own

Philips Data Systems, one of the world's leading suppliers of business computer systems, has applied viewdata technology to the production of private systems for business users.

With a viewdata system of your own, the possibility of providing every member of your staff with instant access to all the information they need to do their work becomes a reality—at a very realistic cost.

A system can be designed specifically for the needs of your business; it is totally under your control; totally secure from unauthorised access; and involves no running costs to speak of because it uses your own internal telephone system, and your own staff run it.

Philips has designed the private viewdata systems to be foolproof in operation so that literally any member of your staff can learn to use viewdata in minutes—and can then find in seconds what they used to spend hours hunting for.

So if you've ever wanted to cut out the time your people waste just getting hold of information, viewdata offers the solution. A visit to one of Philips' Viewdata Workshops will show you all you need to know. PHILIPS DATA SYSTEMS

Video, voice, data or text communications

Pye Business Communications Ltd. offers an unprecedented products and systemisation resource in the area of integrated electronic communications systems—the very essence of the office of the future.

In this context, viewdata is an intrinsic and essential component.

Typical applications are communicating and 'intelligent' systems for closed-user groups on the PRESTEL service; or closed-circuit groups via PRESTEL, or fully intercommunicating private networks using an independent central computer and linked, nationwide if necessary, using private wires (telines).

Such services could be externally accessed via connection to the public switched network.

Pye Business Communications is dedicated to the application of viewdata as part of its commitment to designing, supplying and installing a total capability for video, voice, data or text communications. PYE BUSINESS COMMUNICATIONS

Purpose-designed business information data terminals

Pye TMC is a major supplier of subscriber products to the British Post Office and other PTT's. And it was one of the first companies to become fully committed to the development of viewdata systems.

Pye TMC's wide experience of using advanced electronic technology, and the incorporation of large scale integrated circuits into communication products, has enabled it to develop a very competitive range of equipment.

In addition to supplying other equipment manufacturers with automatic dialling and isolation circuits for incorporation into their own colour viewdata TV's, Pye TMC has developed the visa terminal aimed at the needs of the business market.

This Pye Visa Business Information Terminal is a purpose-designed data terminal which combines simple operation with the full range of facilities required to meet the needs of the professional user of viewdata systems.

Pye Visa is a compact, totally self-contained equipment carefully styled for desk-top use and incorporating an integral 'telephone' keypad for ease of operation.

And as the user becomes familiar with the terminal and in using the viewdata system, a number of 'expandability' facilities can be added such as a tape recorder, an alpha and numeric search keyboard, action printer and monitor extension. PYE TMC

Viewerchip—vital to viewdata

Britain's leading position as the first country with an operational viewdata service is in no small measure due to Mullard's massive investment in large scale integration technology for the production of silicon chips.

One result has been the Viewerchip—vital to the development of viewdata systems both within British industry and abroad.

Today, Mullard Viewerchip is earning international recognition, too, with the role it is playing in the development of Standards for TV Data services in Italy, Sweden, Holland, Germany, North America and Australia.

But this is just part of an even larger and continuing commitment that has given Mullard a unique position as a supplier of components, individually or as fully engineered modules, for complete systems.

From the outset, the Mullard laboratories at Southampton and Mitcham worked closely with the equipment designers to ensure the economic production of viewdata systems capable of meeting the consumer and professional demands of today's and tomorrow's information services.

Mullard, the largest producer of components for British industry, with their worldwide technological resources, are also pioneers in Teletext—and played a part in helping to establish the British Standard. MULLARD

'Viewdapta' brings viewdata to the standard TV screen

The Labgear 'Viewdapta' is a compact unit for the display of PRESTEL information on a standard colour or b&w TV receiver.

No internal connections or modifications to the set are necessary.

This 'Viewdapta' adaptor has many positive advantages.

Firstly, the TV display can be chosen to suit the individual—in b&w or colour, large screen or small screen.

The adaptor can be used with the 'second' TV—thereby not interrupting normal TV programmes.

The 'Viewdapta' model 7050 comprises a wall mounted unit and desk-top keyboard, the only unit necessary on the operator's desk.

It also provides full autodialling of up to six telephone numbers which can be programmed from the keyboard together with the user's identification number during installation.

The 'Viewdapta' could transform your business life—tomorrow. The future is that close. PYE LABGEAR

Word processors for viewdata

Development plans are well advanced for integrating the Philips Word Processor range with both PRESTEL and private viewdata systems.

Early in 1980, the Business Equipment Division of Philips will also be offering software packages for off-line data preparation and text editing.

Adaption of the VDU/Keyboard Operator Console will provide the dual function of word processor and viewdata terminal with the additional facility of disk storage and production of hard copy from the high speed electric printer.

Substantial economies will be gained in commercial organisations where the production of frequently updated printed information would otherwise be an expensive operation.

Also from 1980 the Business Equipment Division will be offering a choice of receiving terminals suitable for business use. PHILIPS BUSINESS EQUIPMENT

Colour televisions for viewdata reception

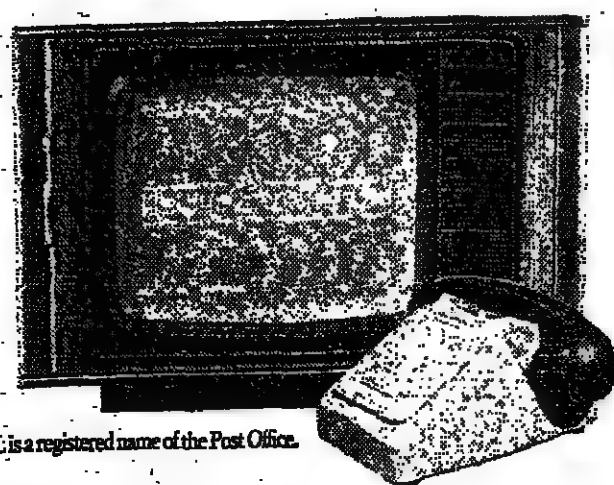
The Philips 675 is our PRESTEL receiver which has been used in the official British Post Office viewdata trials.

Based on a perfectly normal domestic colour set, it has been developed to accept all the new and exciting viewdata information.

It is where all Philips' vast expertise in both computer and video technology is brought together in a colour television to make the most of the Post Office's newest service.

The other great benefits of the 675 set is that it gives excellent reception of all three domestic television channels, but also receives both Ceefax and Oracle, the off-air Teletext information services.

For further information on the 675, tick PHILIPS VIDEO in the coupon below. PHILIPS VIDEO



PRESTEL is a registered name of the Post Office.



To find out how Philips viewdata systems will offer the best advantages to you or your business, send for details of Philips products and services most relevant to your needs.

Also see our separate advertisement for details of the Philips viewdata workshops where you can discuss practical applications of the new technology.

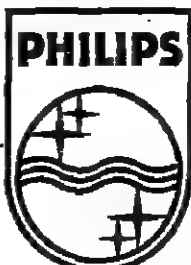
Philips Viewdata Group, (CBI)
Philips Industries, Arundel Great Court,
8, Arundel Street, London, WC2R 3DT.

Please send details of the products/services of the following divisions:

NAME _____	<input type="checkbox"/> PHILIPS DATA SYSTEMS
POSITION _____	<input type="checkbox"/> PYE BUSINESS COMMUNICATIONS
COMPANY _____	<input type="checkbox"/> PYE TMC
ADDRESS _____	<input type="checkbox"/> MULLARD
_____	<input type="checkbox"/> PYE LABGEAR
_____	<input type="checkbox"/> PHILIPS BUSINESS EQUIPMENT
_____	<input type="checkbox"/> PHILIPS VIDEO

PHILIPS

Simply years ahead



The business of the future—today

FINTEL is the leading supplier of business information on Prestel—a revolutionary new medium of two-way communication and information retrieval, using your TV set and telephone.

FINTEL supplies company, industry, national and international business information, statistics and comment.

It provides consultancy, design and input for your own Prestel material including corporate promotional and sponsored information.

Find out how you can be in the business of the future—today.

Telephone: Brian Botten at 01-626 7432
Key 248 for FINTEL on Prestel
FINTEL Limited
Jointly owned by the Financial Times and Extel
1 Pudding Lane, London, E.C.3.

VIEWDATA SYSTEMS IV

How the service evolved

VIEWDATA is closely related to the broadcast system called teletext, which displays "pages" of computer stored information on the screen in exactly the same format. Whereas viewdata reaches the user by telephone wire, teletext is transmitted over the air by the broadcasting companies using spare capacity on the existing television channels.

The BBC's service is called Ceefax and the ITV's version is called Oracle—the main difference is that teletext services are not interactive. That means the user can only capture pages as they are transmitted in a rapid sequence. He cannot send any information back to the storage computer as is possible with the direct telephone link in a viewdata system.

Both teletext and viewdata were developed independently in Britain. The BBC was experimenting with a system of subtitles for deaf people, while the Post Office was considering how to put data onto its experimental viewphone equipment.

Later, the BBC and the Post Office co-operated to ensure that the two systems were as close as possible so that the same receiver could be used for both. After the first experiments, the development of viewdata has been faster than expected. The start of a public service this year comes only five years after the original specification and design study was written by Mr. Sam Fedida, the Post Office research engineer who is credited with the original idea of viewdata.

Experiments

From experiments with putting text on to viewphones he moved to the idea of adapting the ordinary television set. This was the crucial step because it opened up the possibility of mass production and low costs which have become the central features of viewdata.

The technical problems of displaying data on a domestic television set are relatively simple. The breakthrough was to foresee how mass-produced computer terminals could be exploited in a public system.

By July, 1974, a working model was demonstrated to Sir Edward Fennessey, then deputy

chairman of the Post Office and managing director of Telecommunications. Sir Edward immediately put the idea into the marketing division, for its full implications to be explored. During the next two years the basic principles of viewdata were established. They were:

- Reliability: A system which frequently broke down would soon be discredited.
- Simplicity: Anyone should be able to use it without instruction.
- Speed: As many people as possible should be rapidly served by the computer.
- Cheapness: Both the sets and the computer centres must be designed to be as cheap as possible.

The system was to cost only about a tenth of existing specialised computer bureaux. An important consequence of this tripartite approach was that the Post Office could not expect a statutory monopoly over viewdata services. Any organisation should be free to set up a viewdata computer and to disseminate information to customers provided they used equipment approved by the Post Office which will be readily available in the form of viewdata sets or terminals.

This represents a significant relaxation of the traditional Post Office attitude to the use of telephone lines. Subscribers are not allowed at present to even connect a telephone to their lines. Only Post Office equipment may be used and it must be connected by Post Office engineers.

Regulations for using the telephone lines to transmit computer data are even more strict, with the Post Office exercising very tight control over the MODEM which converts computer signals into a form acceptable to the telephone network.

In future, however, television sets and terminals made by a wide variety of manufacturers will be connected to the network through standard jack plugs with the proviso that the sets and the modems inside them have been approved by the Post Office.

Gadgets

It will then be very difficult for the Post Office to resist the demand for a whole range of gadgets including printers and recorders to be connected at will to the television set and thus to the telephone network.

Although the basic technology for putting words and graphics onto a colour television screen is fairly simple, a considerable intellectual effort was required to foresee how a public service might develop and to anticipate the position which the Post Office should take on the issues which would be raised.

Perhaps the most important decision, taken at an early stage, was that the Post Office should not itself become a publisher, even though it was to provide a new means of publishing. It would not put itself in the position of the BBC which assumed complete control over what was published over the airwaves, when sound radio and then television first began. The Post Office decided it would exercise only the minimum control required by the law and public decency.

It therefore developed the system in close co-operation with a group of information providers which it invited to contribute pages to the Test Service which started a year ago. It also sought the co-operation of all the UK set manufacturers which it hoped would make an important contribution to the mass marketing of the service.

If the system becomes successful, an erosion of the Post Office stand against the interconnection of non-Post Office equipment may be matched by a more intense debate about the issue of editorial responsibility. What, for example, should be the position of advertisers in the Post Office network if there

should be more demand for the storage of pages than the Post Office can meet? How will the Post Office decide which applications should be met? At present, there is a long waiting list, but the policy of "first come, first served" seems acceptable because it is assumed that the capacity of the system will grow rapidly.

But if the system were still unable to satisfy all the potential information providers when it stopped growing—what then? Which advertisers should be given priority, and how should the claims of advertisers be weighed against those of public information bodies, the Government and the political parties? These are rather theoretical questions, since the system can

be expanded from its present capacity of hundreds of thousands of pages to millions, without difficulty. However, the number of pages which can be stored will depend on the Post Office's continued desire to invest in the system which will in turn depend on the number of subscribers and on pricing policies.

These four factors—the demand to become information providers, the demand from users, the pricing of the system and investment in new equipment—may turn out to be self-balancing. But if they are not, the Post Office will open itself to considerable pressures from one or more of the groups involved in the service.

M.W.

We've got Prestel. We've got it now.

Here's your chance to buy the exciting new Prestel set direct from us.

We have sets for immediate delivery for approved sites.

Ring us now.

01-589 3504

ACE

Advanced Consumer Electronics
It's got to be a good idea.

Tops TV Limited, 91/93 Lower Sloane Street, SW1W 8DA.



RAC

An Original
Information Provider
To Prestel

Car Maintenance Driving Hints
Motoring Law Foreign Travel
Touring Insurance

Dial Page **2402**

The providers of information

THE PRESTEL system is a hybrid, composed of public and private enterprise. Where the provision and development belong to the Post Office, as does the provision of the service, the information providers—or IPs—will provide the information (database) on an entrepreneurial basis, taking their wares to market like any other publisher.

There are some 130 of them varying greatly in size and type of service offered. To date, they have provided nearly 150,000 "pages" of information for storage on the Post Office computers: some, encouraged by the early demand for their information, plan to introduce more pages. Already, Prestel has built up a significant national information resource.

For the IPs, the Post Office will act as a common carrier, allowing any application to provide as many pages as he wishes

for storage in the corporation's computers. The corporation has retained no editorial control, but will not carry any illegal, "grossly offensive or unsuitable" material: the IP is the publisher, and bears the legal responsibility for Prestel publication.

The IP, however, does have to pay for his space. Prestel charges 54p per page per year: it also charges 0.5p per page accessed by a customer. Thus, if the IP wants to charge nothing for the information he provides—as with classified or other advertising, or rail and air timetables, for example—the IP bears the 0.5p charge.

Add to this the cost of making the phone call into the Prestel computer, and it can be seen that the Post Office will draw finance from three sources—rental, accessing charge and phone tariffs. As long as at least some of the information providers are successful, it

would seem that the Post Office cannot lose. But what of the IPs?

The consensus of opinion among them may be described as bruised optimism. There are a number of elements to both the bruising and the optimism.

In the first place, the IPs were upset by the charges announced by the Post Office: they felt they were too high, and they felt they had not been sufficiently consulted. The initial reaction has since cooled greatly, and most IPs believe that, always assuming demand takes off, the charges will not be over excessive (and will, anyway, be subject to negotiation).

However, some doubts remain: and the lack of consultation is a shadow on an otherwise fruitful relationship between the IPs and the corporation. As one provider put it: "The Post Office is so massive, has so many resources, that it isn't used to thinking of the problems of small organisations. And since it doesn't have to consult us, it tends just to announce things."

The same provider added that matters were improving as the Post Office learned patience and diplomacy. However, disenchantment with the Prestel set makers is not so easily assuaged, or at least not for the moment.

Delay

The problems which have faced the set makers are discussed elsewhere in this survey; however, the impact of the delay in the provision of Prestel sets on the information providers is of some concern here, and has contributed to the decision taken by a small number of IPs to pull out of the Prestel experiment—at least, temporarily.

Sets were promised in test quantities by last summer: of the 1,500 ordered, only some 500 were made available by early 1979. Again, the production target of 50,000 sets by the end of 1979—with production building up as the year went on—was dramatically downgraded to 20,000 in January this year, leaving the IPs wondering if even the new, lower estimate will be fulfilled.

The IPs are aware of the problems of investment and of doubt: but their own problems press more heavily upon them. In brief, they are faced with a longer wait before the investment they have made pays off.

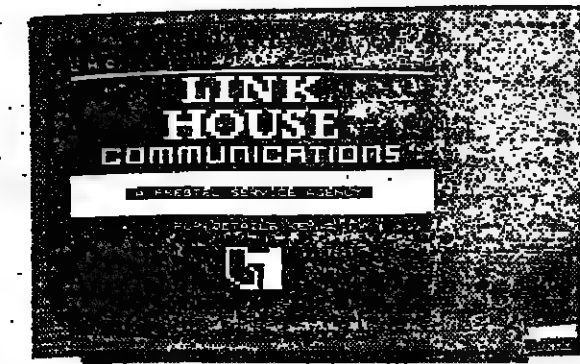
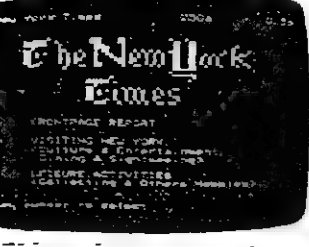
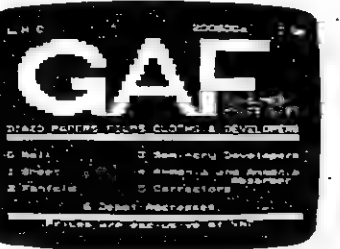
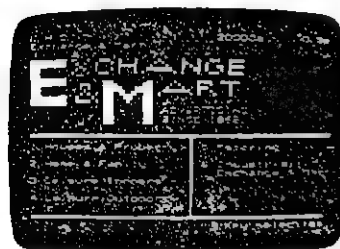
In the case of those IPs who are oriented towards business—as the Stock Exchange, Datastream and Fintel—the wait is the more galling because they do not even have the consolation prize of seeing their prime market—the concentration of business and financial offices in London—yet on stream.

While Prestel has "gone public," it is only to the London residential market, which will provide only a limited demand for business-based services. This latter market depends, in part, upon the Post Office as well as the set makers for the moment: the Post Office lacks sufficient space on its computers during business hours to service the assumed high demand from London business customers, though it should soon.

CONTINUED ON NEXT PAGE

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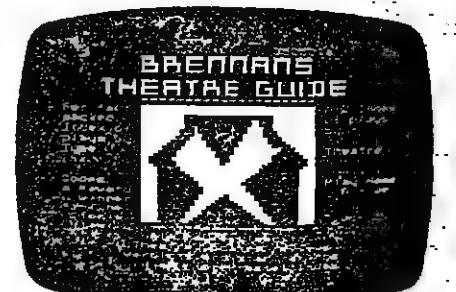
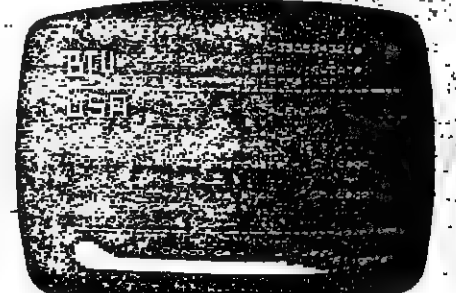
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COMPUTING SERVICES INTERNATIONAL

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Scope for private projects

DURING THE protracted run-up to the launch of the Post Office's own viewdata system—Prestel—all the companies directly affected by this major development (either through the prospective sale by them of suitably modified TV sets, or of computer equipment able to compete with the machinery originally selected to run the pilot scheme), have had ample opportunity to improve on the original work within the Post Office, as well as that carried out by BBC and ITA on Ceefax and Oracle.

Ability to store data and retrieve it from very large amounts of information held in a strict hierarchical format—rapidly and at low cost being the main characteristics of the system—had not gone unnoticed

in America where at least one competing system has already been demonstrated.

The NEB offshoot, Inscac, which is promoting Prestel in the U.S., will have a number of hurdles to cross apart from this competition. Potential users will want to be sure that the operating software is truly portable and not confined to the GEC 4080 on which the primary system has been running.

This machine has no penetration in the U.S., and Inscac is neither equipped to market computers outside nor to support them once they are installed. That is not its function which has been defined by the organisation's head John Pierce as selecting and promoting software developments which have a big export market

potential—Prestel being one such.

U.S. Government work in the area may well show itself to be an obstacle to the ready adoption of a UK-invented system, if only because of the strength of the American NIH syndrome. DIDS is the acronym for the U.S. federal project, standing for Domestic Information Display System.

Prototype

In prototype form, it is capable of organising statistical information across American counties and cities under 265 headings and under 443 headings for standard metropolitan statistical areas. Like Prestel, it is interactive and "menu-driven," i.e. by selecting from successive lists of chapter headings.

Some 19 federal agencies, one of which is the Executive Office of the President add new data to DIDS which is helping users correlate information in groupings which have hitherto not been attempted and carry out such operations very quickly. It is based on work carried out by NASA for the analysis of images collected from satellites. What DIDS can do is provide an immediate multi-colour map of America, or downtown Chicago, and so on, showing un-

employment levels, or average property tax, incomes below poverty levels and so on.

It is being used now to analyse key politico-economic issues and ultimately could be turned into a centralised data base available all over the U.S. to officialdom, but also to private industry.

At the opposite end of the scale is the "do-it-yourself" Prestel kit issued recently by Mullard on Signetics micro-processors and support chips.

Meanwhile, Philips has made a major European launch of its own private viewdata system on which it has been working since 1975. Development took place in close co-operation with the Post Office as well as the programming staff working on Oracle at ITA and Ceefax at the BBC—thus, the Philips system can handle all three, if required.

It is based on one of the company's minicomputers but has a much more flexible software repertoire. An editing keyboard specially developed for it makes operation particularly easy.

Example

Testing took place over months with the collaboration of Philips centres in the Netherlands, Sweden, Germany and France. The result is a

system that allows users to gain access to information more easily and quickly than competing systems.

For instance, a keyword search technique allows a user to bypass several menus and go straight to the list he requires. At the same time, during layer searches, it is possible to backtrack through four layers rather than starting from the beginning all over again.

A very interesting aspect of the Philips version is that it permits a company to introduce a whole series of pass codes so that the in-house Viewdata system can be used to marshal even sensitive company information.

The focal centre for the system is London and because many potential users have no real idea of what Prestel, viewdata or any other system of this type can do for them, Philips has decided to market the system through a workshop arrangement. Interested companies would send expert staff to work the equipment in a "hands-on" situation and determine how best to use the system within their own group.

An interesting and highly significant aspect of the Philips development is the way in which it dovetails into many other areas of the company's

advanced technology products. Recently, it launched a laser-recorded and read-disc system which packs the information contained in the Encyclopaedia Britannica on less than the surface of an LP record.

The potentialities of equipment such as this are enormous, because it is relatively easy to find a stored item in a matter of seconds. Coupled with Philips viewdata this store could serve even the biggest companies and Government organisations with fail-safe duplication and triplication at relatively low cost.

Philips is the first major international group to show its hand in the viewdata area. But it is known that ITT, working with the German Bundespost, has many cards up its capacious sleeve.

Coin in the slot viewdata is already available. And many companies are wondering just how quickly the whole operation could take off and whether to put some money into software improvements and / or the development of systems that cost a little less than the princely £90,000 quoted by Philips.

If the marshalling of information to form a viewdata base is as easy as developers say, takeoff could be almost vertical.

Ted Schoeters

Information

CONTINUED FROM PREVIOUS PAGE

The optimism, which still triumphs over bruises received, is based on a number of beliefs and hopes.

First, the IFs believe that the Post Office is wholly committed to the service, and are impressed by the resources, time and publicity the corporation is prepared to devote to its new service. Occasional resentment over its arrogance is greatly outweighed by the grateful recognition that their partner is enormous.

Further, it should be said that a number of the providers have considerable personal respect for, and faith in, Dr. Alex Reid, Prestel's director, and his team.

Gadgets

Second, the providers tend to give similar reasons for joining the service in the first place: these may be summarised as, a belief that the electronic and microelectronic innovations of recent years will replace at least some of the largely paper-based information media of today—as newspapers, mail, time-tables, catalogues—and that companies in the business of providing information, or highly dependent on its provision, should enter the new technology both to make money and even more urgently to guard their flank against future competition from more advanced organisations.

This belief, for all the risk it entails, means that they see the inevitability of viewdata systems becoming more popular, even though Prestel may well not be its final form. With this perspective, therefore, they are ready to tolerate teething problems, and some increased financial outlay, in order to reap benefits which may be some way off and may never be wholly quantifiable.

Naturally, the profit they hope to make is a, or in some cases the, major element: but none cares to give an estimate of how profitable they are likely to be. Most say even a heroic guess is impossible: Prestel is a new concept, not merely a new product, and new concepts are hard creatures to

read.

There is, of course, no guarantee that any of the providers will make a profit at all. On the worst possible view of the future, the mass market for Prestel, on which the system's finances are predicated, will not take off, the prices will not come down, and the information providers, geared to serve a large audience, will lose money serving a small one. While most providers share Reid's "gut conviction" (as he put it in a recent paper) that electronic information will increasingly be preferred to print, it is quite possible that the British public are not yet ready to make the changeover.

The risk of this gloomy prospect is unquestionably highest in the domestic market. There, the cost of purchase or rental of the sets will be crucial: unless it comes down quickly, there will be no base for building a market for the majority of providers who are outside of the business information sector.

The Post Office has perceived this risk: and it has set in train a programme of its own to complement the activities of the set makers aimed at giving low-cost access to Prestel, soon.

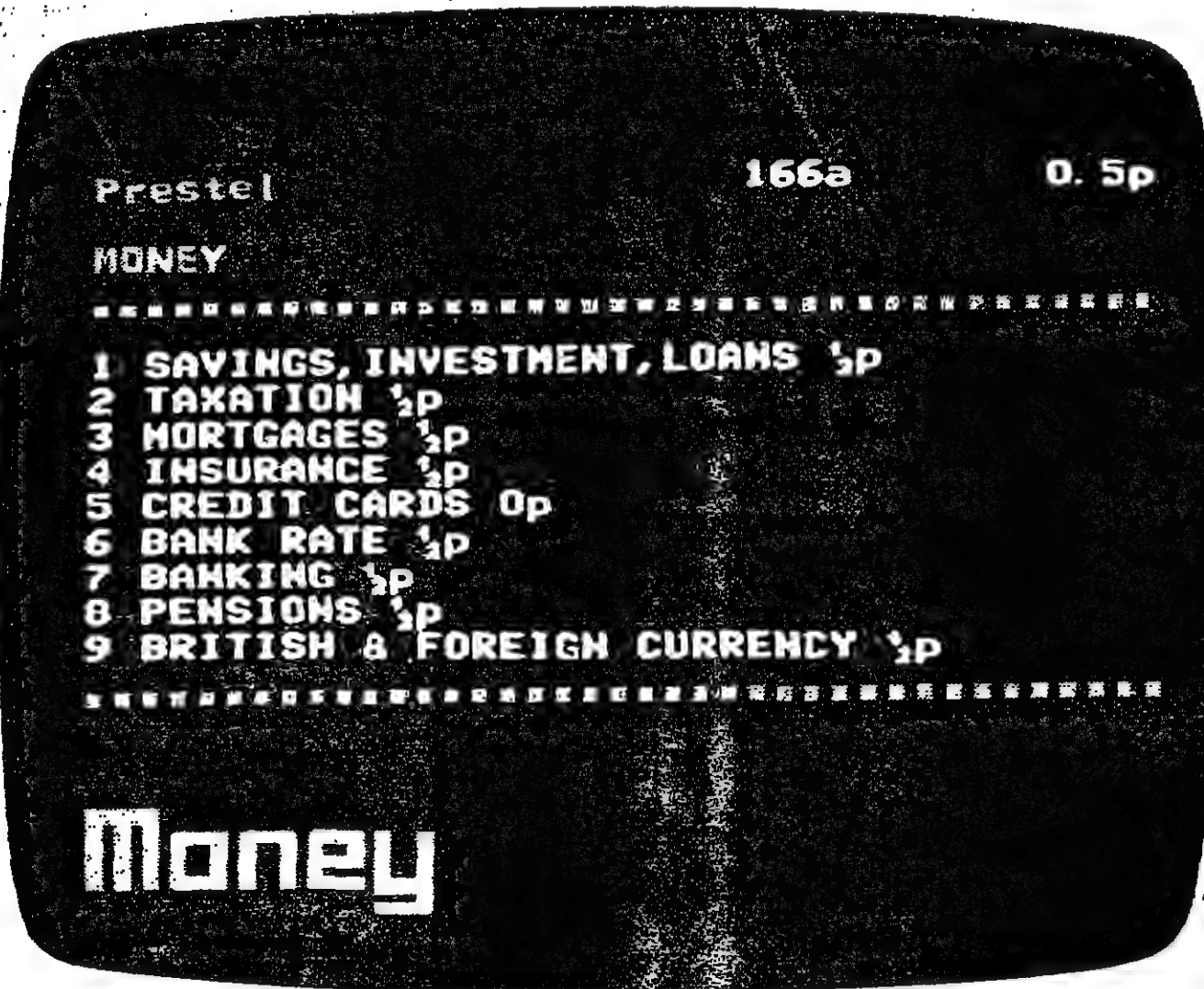
Reid himself, in the paper mentioned above, admits the possibility of slow initial growth, but goes on to affirm that "if we find the service slow to take off in the market place, we will not be discouraged: we will keep at it, re-shaping the product to offer new types of information, and new technical features, to new audiences."

"The system is inherently flexible, and I don't think it is beyond the combined wits of the 11 TV set manufacturers (supported by the retail and rental companies) the 130 information providers, and ourselves, to come up with ways of making Prestel fly."

Since that paper—presented in May, last year—a few providers have decided that they would prefer to withdraw. Most, however, have not, and Reid's optimism remains without serious challenge.

John Lloyd

If you own a television set, you probably won't be able to read this.



It's a page from the new telephone-linked home information service, Prestel.

And, as yet, only a tiny proportion of television sets in this country are designed to receive it.

Which means that even if you invested in a new set as recently as one year ago, you won't be able to read a page of it in your own home.

It's just one of the developments in television technology that have happened over the last few years.

And it's just one of the reasons why renting rather than buying a set is the best way to keep up with progress.

If you rent a TV set from Radio Rentals, you can change models when you wish, at the appropriate rental, to cope with the accelerating pace of technology.

Already Radio Rentals have installed the first Prestel sets in customers' homes.

And even at this early stage, there are thousands of pages of information available to Prestel subscribers.

It's a sign of the way television is moving from being a simple means of entertainment to a much more complex domestic information medium.

Ceefax and Oracle, for instance, the BBC and ITV information banks, are now plugged in to a great many Radio Rentals homes.

We already rent home video recorders, which, together with Ceefax and Oracle, are ready and waiting for any of our customers who want to make use of them.

So if you are thinking of investing your own hard-earned cash in a new television set, pause a moment.

Because you could well find that next year, your brand-new set seems a lot more than 12 months old.



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A JOINT VENTURE

VIEWDATA SYSTEMS VI

Worldwide race to rival UK system

ONE OF the main aims of the Post Office in pressing ahead with the development of Prestel was to establish its own version of viewdata as a standard in as much as the world as possible.

There were several reasons for this. The first, perhaps, was the hope that British industry, particularly the television manufacturers and the computer industry, would benefit from the prestige of this British first in technology. Second, the Post Office foresaw that viewdata itself would greatly benefit from international standardisation. It would be convenient at least if data stored on German viewdata computers could be transferred without special converting equipment to the British system.

But perhaps the over-riding question was of costs. If viewdata is to reach a mass market, costs must be brought as low as possible as quickly as possible. Mass production of receivers and the standardisation of components can only be achieved if there is the prospect of a reasonably large market, and in Europe at least, that implies that similar systems should be adopted in different countries.

The most important success so far has been to persuade the German Bundespost to develop a viewdata service (Bildschirmtext) along the basic lines pioneered by Prestel.

The Bundespost has taken a licence from the Post Office for the basic software for a test service and it has also signed a contract with INSAC, the National Enterprise Board's computer software marketing subsidiary, for the development of a viewdata system to fit German requirements.

INSAC already has a licence from the Post Office to sell viewdata based on Prestel in the U.S., and it is negotiating for a similar licence to cover Europe and the rest of the world.

The British system has also been adopted in Holland and Hong Kong, and negotiations are taking place in several other countries with a view to setting up national systems.

However, in some countries, notably France, Canada and Sweden rival systems are being developed, and a strong commercial battle can be expected as different viewdata systems start to compete in the next few years, not merely as rival national public systems, but also for adoption in private systems.

In France, the Ministry of Posts and Telecommunications is

developing Teletel, a system which is compatible with a French broadcast (teletext) system called Antiope. This system is not directly compatible with the British teletext format.

The main difference is in the way in which the British and French broadcast systems encode their information. The British broadcasting system uses time equivalent to one line sweep across the television screen to encode one line of data. The French system, however, does not use this exact correspondence. Instead, it uses an electronic code to signify the beginning or end of a line of data.

The French system is more economical in its use of the available broadcast bandwidth, but the British system is claimed to have the advantage of simplicity and robustness.

Arguments

The technical arguments between the two broadcast systems can be expected to be repeated when the French start the market trial of their Teletel in 1980 with a planned 2,000 sets on the outskirts of Paris.

In Japan, several research projects are now under way, of which the best-known is called Caplans. Because of the complication of their written characters, are concentrating on a "wide band" system which would be capable of displaying colour photographs rather than just the text and graphics of viewdata. However, most ordinary telephone lines do not have enough capacity (bandwidth) to transmit colour pictures at an acceptable speed.

Since the economics of viewdata systems depend upon using the telephone networks as they are at present, a wide band viewdata is unlikely to be generally available for several decades, and for this reason, direct Japanese competition in viewdata is unlikely to be important in the short term.

However, their pre-eminence as television set-makers could bring the Japanese into the market when it becomes attractive to consumers.

Outside Europe the most advanced development is probably in Canada, where two separate systems have been developed. The first to be announced was Bell Canada's viewdata, loosely based on the UK's Prestel. It is called Vita and started a pilot trial at the beginning of 1979 with 25 users' terminals in Montreal, Toronto and Ottawa-Hull.

At the same time, the Com-

munications Research Centre, of the Canadian Department of Communications developed its own system, called Telidon, which offers more complicated graphics than Prestel, by dividing the screen up more finely.

It is possible that Telidon graphics will be incorporated into Vita by the time that Bell Canada is ready to launch a commercial system in 1981. Telidon can display curved lines rather than the more jagged graphics of Prestel. However, supporters of Prestel say that it will be easier and cheaper to use.

One of the main aims of the Canadians in developing their own system is to attack the very large U.S. market, which in spite of its sophistication in the development of computer in-

formation systems, has lagged behind the UK in exploiting the viewdata concept.

The main British hope in the U.S. is INSAC which is expected shortly to sign an important contract with General Telephone Electronics to market Viewdats systems in the U.S.

INSAC will provide the British software and management expertise based on their experience of Prestel, while GTE will provide the financial and marketing muscle to sell the system to the large corporations which are expected to be the first customers.

GTE not only has a wide base in telecommunications, but also, through its subsidiary, GTE Sylvania, should be able to provide viewdata terminals based on domestic television sets

when they become necessary. INSAC's strategy in America is markedly different from that of the Post Office in the UK. Whereas the Post Office is launching a national service, which it hopes will be used by consumers as well as businesses as soon as possible, INSAC will be concentrating first of all on the business market.

Its strategy has four prongs: first, it wants to sell private viewdata systems to the large corporations for use as internal information channels. It will probably do this with the help of GTE and perhaps another company acquired to help with the marketing of the systems.

Second, it hopes to establish a service for businesses which want a private system but do not wish to buy their own computer.

These businesses will be served by a computer operated by GTE (if the deal goes through, or by some other major U.S. company if it doesn't). These companies or groups or organisations will form closed user groups in a common service, they will gain access to it using the telephone network and it is hoped the Teletel packet switching data network (a high speed national network for distributing computer data in which costs are independent of distance).

Third, INSAC wishes to develop a general service for business information similar to Prestel, but operated probably by GTE, or perhaps as a joint venture with some other organisation.

Finally, it is hoped to develop the system for the mass domestic market, probably as an evolution of the business service, and using some of the same data (i.e., timetables) which would already be stored on the business service computer.

An obvious consequence of this approach is that many of the receivers for U.S. viewdata systems will be intelligent terminals—that is sets with a keyboard, memory and computing power of their own. INSAC will probably try to link up at an early stage with a manufacturer of terminals to provide special equipment which will be suitable for the systems which it will be designing. By this means it will hope through its partners, to offer a complete package of system and equipment to go with it.

To successfully launch a

system before competition can come in, the timetable is inevitably tight. The first viewdata system is scheduled to be in operation this year, and it is hoped the venture will be bringing in significant revenues within three years. INSAC itself has been allocated about £10m by the NEB to invest in the development of viewdata and it is likely that GTE would have to invest something of the order of £20m to get a fair-sized system off the ground.

INSAC can also be expected to adopt similar strategies in the rest of the world—particularly in Europe. Even in France, it is hoping to establish a foothold, because the rival French system will not be available for several years.

M.W.

A wealth of databases available

PROBABLY THE most important aspect of the viewdata concept is that it provides ease of access to information in a bank potentially unlimited in its extent—but, for the time being, relatively restricted, though rapidly updated.

Ease of access is thus the nub and many companies and organisations are sitting on veritable goldmines of potentially valuable data, which could be made available through it. But due to lack of appreciation of how important correct classification was to become in a computer-dominated era, frequently this data is so badly organised that it will remain virtually unusable in an information retrieval context—at least until a major, and probably very expensive effort, has been made to reclassify.

For the small business with its own data processing department using one of the many mini-based systems now available, the coming into existence of Prestel and parallel services such as that offered by Baric must be a boon, particularly where the management is keen to use the potentialities of computer application to the full, that is, plan company progress and product launches with the benefit of many more relevant facts and projections than generally available till now.

There have, of course, been a number of companies offering extended statistical support to

members of relatively restricted groups—clients or partners. The multi-level economic parameter service from Datastream and the Scicon service to give access to the well-known model of the national economy are cases in point.

But if all goes well with viewdata services, such weighty data will become much easier and presumably less costly to tap.

For the expense of a converted TV set and a link to the user's printer(s) or disc(s), a wealth of data bases will open up.

But what the existing data processing department thinks of the development is another matter entirely.

In view of the revolutions in information handling that are predicted for the average office by Arthur D. Little, among others, it is likely that the key staff will have its hands so full of change that one more development—reliance on data bases wholly beyond company control—will make little difference.

After all, Arthur D. Little predicts that offices will have... new text processing systems, facsimile and copying machines, electronic telephone dictating systems and communications processors.

It is predicted that "eventually, these will all be able to plug into a kind of information ring main around the office and

communicate with each other... ultimately, a letter typed on a keyboard or dictated to a voice-input typewriter in one country may appear on an intelligent copier thousands of miles away in another country, possibly with the letterhead and signature of the sender."

Question

This is heady stuff. It spells particularly heavy demands on the services of national PTTs, who already face the crucial question of reliability of service if widespread use of viewdata as an essential part of commercial and industrial life is to come to fruition.

And judging by the list of databases already available for exploitation—initially through the Euronet packet-switching system with its specialised nodes and terminals—there is a potentially immense market for viewdata equipment which would make their contents more widely accessible. There are close on 140 of them, many in highly specialised areas such as cancer research it is true. But a large number are relevant to industry and commerce in general.

The question appears to be: how would the information culled from them be integrated with that generated by the company itself, both from internal events and from data drawn from other sources by a

CIS (Corporate Intelligence Services) organisation? Remembering that the emergence of databanks is due in some part to the failure of companies to cope with the paper deluge of the past 30 years, the last thing easy access to databanks must produce is yet more paper.

CIS will immediately transform the classic reference library beyond recognition and establish a retrieval system working on demand.

An idea of how this might operate can be gained from studies in progress at two of the big four banks in Britain and from equipment already being used or installed in Europe by a small Belgian company.

Correlative Systems, which calls its product "Videofiche."

The aim is to eliminate paper by capturing the image of the primary document by electronic means and storing a digital magnetic image on disc primarily, but ultimately on videotape with an extremely high page capacity. The heart of the unit is a large multi-element charge-coupled device array which takes an "instant" picture of the document/display and transmits it to store in the form of a stream of digits.

Retrieval from disc is immediate and from videotape an average 30 seconds—which is minimal since each tape contains tens of thousands of pages.

Crucial is the encoding of the stored documents, which is relatively easy for banking

paper but not so simple for a miscellany of reports, graphs, collections of statistical figures and so on.

So far as the smaller company is concerned, the crucial question is how cheaply such equipment could be produced and operated. Since the first units of the Belgian design are only moving into large-scale user situations at the moment, it is hard to say.

A minimal array would need the fairly expensive CCD input device, disc and tape system and, say, two keyboards and displays (each with its own micro-controller) the whole operated by a medium mini. At a rough guess, the package might come down to about £5,000 in the next five years, which is minimal for a "live" library able to accept immediate input from any source.

There are, of course, the private viewdata options, described elsewhere. But they are nowhere near the purses of the smaller companies and despite the endemic sharp fall in electronics costs between origination and widespread use, they are not likely to come within the scope of such purses for several years.

There is nothing to stop smaller companies in a given sector, perhaps defined by the appropriate research association, from setting up a sector interest-viewdata system, with appropriate coding safeguards on a company basis.

After all, a single viewdata computer centre, as it is now conceived, can store and maintain—that is, constantly update—some 250,000 A4 pages of information and more. And developments are at hand that can at least quadruple this data store.

A series of projects along these lines would speed the advent of information on demand to the various industry groups while greatly reducing the cost that would otherwise be incurred through a piecemeal approach.

All that has to be overcome is the understandable company resistance to "letting go" of information, especially after the many reports of computerised fraud, not all confined to the U.S. But what companies let go of is up to them and, in any case, information can so be coded that it would be of little use to non-company staff.

Essentially, all that viewdata, Videofiche and similar systems are seeking to do is eliminate paperwork, which has quite rightly been called the scourge of advanced society.

If that society is not to grind to a halt under a deluge of indigestible documents then it must find an escape route through electronics. But there will always have to be a decision-maker who feeds the input to electronic storage. How will management train him?

Ted Schoeters

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VIEWDATA SYSTEMS VII

A triumph of technology

TWO TYPES of terminal have been developed for today's viewdata systems—there is the Volkswagen view of how a terminal should be designed, or the Rolls-Royce approach. But unlike the cars, within a few years the two types of viewdata receiver are likely to cost the same.

The other main contrast in the world's emerging viewdata systems is in the networking philosophies and techniques employed to link users with the information and other services they are expected to want.

The biggest difference in the way the receivers operate is between the Telidon system developed in Canada, Japan's Aptel, and the two European systems—Britain's Prestel and France's Teletel (the viewdata service component of the experimental Antiope system).

Much is made of the rivalry between the European systems, but the terminals they use are technically very similar, although the French PTT (post office) intentions for Teletel as a service are far more ambitious—even grandiose—than those for Prestel.

The British Post Office has taken the view that a people's computerised information system would be unlikely to catch on if it used expensive and complicated terminals, so it designed the simplest possible bond between those familiar household items, the telephone and the television set.

Some observers of the viewdata scene are beginning to question the Post Office wisdom of freezing the design of its terminal so soon, and suggest that it is taking a gamble on Prestel becoming the *de facto* international standard before more sophisticated alternatives can be demonstrated in large scale use.

Prestel, and to a lesser extent, Teletel are contrasted to

Telidon, a viewdata system currently in the early stages of development at the Canadian Department of Communication research laboratories.

Telidon is now the Rolls-Royce of viewdata, linking telephone and television display, in what is at present an extremely expensive way. But as the cost of electronic circuitry plummets, so a Telidon terminal need not in the near future cost much more than a Prestel set.

Features

The basic viewdata receiver is a television set which includes the following additional features: an auto-dialler that "remembers" the telephone numbers of the computers it is likely to access and which will dial them up at the press of a button; a modem (modulator-demodulator), which converts the audible tones transmitted over the telephone net-

work back into the code recognised by computer and terminal; an identification number "hard-wired" into the set so that the viewdata computer knows which terminal to bill for page access; a character generator for the construction of the shape of each character that corresponds to the codes transmitted to the terminal; and a page store retains all the characters as they are displayed on the screen.

None of these features is particularly revolutionary, but it is only the advent of large-scale integrated (LSI) silicon chip circuitry that has made feasible the mass-production of television sets with these additional electronics.

Both autodialler and identification number use silicon read only memory (ROM); the page store uses random access memory (RAM) whose contents can be altered.

The whole package is controlled by one or more micro-processor computers on silicon chips.

The Prestel screen can display up to 960 characters, in 24 lines of 40. Each character is built up by the lines joining the points of a five-by-seven matrix of dots. Each character space can be taken up by numbers, lower or upper case letters, or by one of 64 combinations of six rectangles. Teletel characters have similar characteristics.

The key difference between the European viewdata terminals and those of Canada and Japan is the way in which they handle the composition of graphics.

Both Prestel and Teletel information transmission is character oriented—the characters arrive at the terminal and are changed by the modem from audible tones back into computer codes. The shapes that correspond to the codes are fetched from the character

generator's ROM and passed to the page store for display on the screen. Graphics are built up as a mosaic of rectangles.

(It is the way in which the characters are coded that is at the centre of the French-British wrangle over whose system should form the basis of an international viewdata standard).

Character-oriented transmission is fine for letters and numbers—but for graphics, the Canadian Department of Communications has decided that the mosaic method is too crude. The Japanese have been forced to the same conclusion by the complexity of their Kanji characters.

Thus, the Telidon system treats the whole receiver screen as a dot matrix. Instead of a sequence of character codes being used to build up a mosaic approximation of the required graphics, the Telidon computer transmits a set of geometric



The GEC Semiconductors' complete viewdata module. The board on the right is the decoder and the board on the left is the page store and display

expressions to describe them, along with colour and start and end point information.

The Canadians have found that only seven different expressions are needed for nearly all purposes. These include line, arc, polygon, point and area.

Compared with the awkward shapes drawn by Prestel and Teletel, Telidon's look very much like the real thing.

Mr. David Searcroft, a viewdata specialist at the Butler Cox and Partners consultancy, is a Telidon enthusiast, and does not agree with the European view that the Canadian system is too complicated.

He said: "I believe that in the long term, viewdata systems will go in the direction of using the whole screen as a dot matrix."

Telidon needs more intelligence in its terminals to deal with the geometry, and also requires far more semiconductor memory in its page store to provide space for extra detail there is in the display.

But the price of this technology is dropping all the time—and fast.

The novelty of viewdata services is not just that they can provide cheap access to the information stored on a computer.

The German Bundespost—whose initial service is to be Prestel—and the French PTT intend also to take advantage of new networking techniques and international computer communications standards in the viewdata services they are planning.

Independent viewdata consultant, Mr. Richard Clark, of Joan de Smith and Partners, is particularly impressed with the French PTT's *Antiope* system and describes them as "very

much office of the future."

Like the Bundespost, the French PTT is prevented for regulatory reasons from entering the information business as the UK Post Office has done.

So, Teletel users will be offered a service which will not only allow them access to information, but also to send messages to another Teletel receiver, or to a telex machine, or to the teletel "super telex" service currently under discussion at international standards bodies.

This is "interworking," with all conversion between different types of devices being handled by a local Teletel centre that then routes the information through Transpac, the PTT's new computer communications network.

Teletel information providers will link their computers directly to this network to sell their wares, rather than rent space on a PTT-run machine, as is the case in Britain. The Post Office has given interworking a low priority for its Prestel operations.

This could be partly because a Prestel set with a printer that would work with telex would be a far more attractive proposition to small users than a telex machine that costs £500 a year to rent. And the Post Office has already lost the top end of the telex user market to the suppliers of the computerised message switch devices it cannot provide.

As Mr. Clark put it: "If I have to pay £500 a year to rent a telex machine and I could buy a Prestel set with printer for £700 or less to send messages, I would throw out the telex machine!"

Roger Green

Many possibilities to be explored

A strictly practical sense, viewdata is all in the future. Prestel, the British version, is first by some two-three years, yet even Prestel has so far only undergone market trials, and is just beginning to creep out on to the market.

Now, then, can we speak of the future of a future system in terms of different from those elsewhere in this survey?

We can only do so by assuming that the present consists of known capabilities of Prestel as it has been developed and will, presumably, be practised; and thus concentrate on "future" which can be mapped beyond these known and tested capabilities.

The future of Prestel/viewdata is tied up with the general evolution on "informatics" or communications—these new images which have been linked to denote a communications technology, based on computer logic and using microelectronics. This will handle increasing amounts of information which now requires transmission by paper or, even

more cumbersome, requires the physical travelling of people to a common meeting place so that they can exchange information and arrive at decisions. To the modern electronics engineer or scientist, such time-hallowed (and time-consuming) methods are barbarously slow.

In this context, Prestel's present capabilities are merely a beginning, though one which shows, in embryonic form, what is possible. For once the link up between telephone and television is effected, and, through the "phone line, access to computer-stored information is open, then the system is capable, given adaptation, of a wide range of possibilities.

First, it can be more than simply a receiver which takes and displays information only when the viewer is there to view. By linking a cassette recorder to the set, it will be able to pass on and compile computer programmes for personal use later, where the user has a micro-computer.

Second, and more complex, a "hard copy" (paper) printer

can be attached to the set, which can receive copy which would otherwise be displayed on the screen. Given a relatively silent system, such a printer could receive copy overnight, quite possibly producing an "electronic newspaper" for the customer's breakfast table.

Printers of this sort are expensive; the price must come down if they are to be widely used.

Revolution

The "electronic newspaper" has been the subject of some worried debate, quite possibly because the newspapers in which the debate has usually been conducted have seen this development—not unreasonably—as a possible threat to their existence. Of course, it is: to their present existence.

Alex Reid, the Prestel director, had some soothing words for newspaper executives in a speech he made last year. Calling the development "a third

electronic revolution in the Press," Reid said that it would enable the reader "to select instantaneously and at will from an ever-changing world-wide bank of computerised information containing millions, even billions of words."

"And it will, conversely, enable the publishing house to transport its wares constantly and instantaneously into the homes and offices of its customers."

However, to be able to "transport its wares" the publishers must, Reid said, take the lead in the new technology, change their roles from being "sifters and rejectors" of information to being "critics and guides, helping the reader find his way in enjoyable and effective fashion around the vast electronic libraries to which he will have access," preserve the Press's traditional pluralism and develop and exploit the new technology effectively.

Given these preconditions, Reid said, the electronic newspaper would not be a destroyer

of trade, but a creator of new markets.

However, the doubts that newspaper managements have are not all merely conservatism. Skepticism is not out of place when it is considered (a) that a hard copy printer is unlikely to be able to produce professional quality, highly portable newspapers with greater or lesser number of high-quality photographs and (b) that the capital costs to the newspapers, as well as the cost to the user, is likely to delay the system, even if it can deliver as high-quality a product, for some years.

As the "intelligence" of the Prestel terminal increases, so the set becomes more like a home computer, with calculation and various programme functions added on to it. Thus, a large number of games which require a screen may be played; the household, or small business budget can be worked out with the aid of a programme while, given the ability to record and store information, an infinite

number of learning programmes may be worked on.

It is here where "teletext" comes in. Teletext means the storage, in the Prestel database, of computer programmes which may then be retrieved by intelligent Prestel terminals, which then disconnect from Prestel and operate as independent Prestel computers. The software house CAP-CPP is a pioneer in this field.

It has the obvious plus that, once the programme is retrieved from the system, the user hangs up the phone and now "possesses" the information, rather than "hiring" it at a constant charge.

The Prestel terminal must, of course, be modified to be intelligent; it must have its own little micro-computer added to it. While this means that the intelligent terminal will always be more expensive than the simple passive terminals, micro-computer costs are coming down, constantly and quite rapidly.

CONTINUED ON NEXT PAGE



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Have you ever wondered how much of your company's time is wasted simply looking for information? From board-room to boiler-room, everyone in your firm spends part of the time hunting facts and figures. As manpower gets more and more expensive, the cost of this time grows into a major overhead.

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Telephone No: 01-831 7536

VIEWDATA SYSTEMS VIII

A valuable aid for the business world

BRITAIN'S BUSINESS community is about to take advantage of a world "first" in new business information facilities.

While private viewdata systems are already used in large companies such as Whitbread and the General Electric Company to communicate between head office and subsidiaries, there is at the other extreme a highly complex, sophisticated computer system called Geisec, operated by General Electric. It is the world's largest computer information system.

There is little doubt that in the first instance the Post Office, in launching the world's first public viewdata system, expected to launch Prestel into the business community which could bear the cost of the sets more easily—at present, more than £1,000 for a colour Prestel/TV receiver or £24 a month rental (Radio Rentals price)—but there is not yet enough space on the corporation's computers in business hours to do so. So, while residential users in London were offered the Prestel system on March 26, the demand has come, not so much from them but the business community.

Services

There are already a number of business information services operating through Prestel—Baric Computing Services, Viewtel, Fintel, PA International Management Consultants, Professional Executive Recruitment and the Institute for Scientific Information, to mention just a few.

Fintel, for example was established last December by the Financial Times and Exchange Telegraph with an investment of £500,000. Fintel provides business information in several forms—from daily news to company data and sector surveys. It also offers analysis and comment on industry and finance.

It is the largest provider of business information on the Prestel system with around 5,000 pages on the system and 4,000 more expected by the end of this year.

Already, 580 business users are connected to Prestel with 1,000 more who are waiting to be connected. But a shortage of sets makes the current demand difficult to estimate.

By 1983, Fintel estimates there will be 500,000 business users compared to 2m residential users plugged into the Prestel system.

There are other companies such as Datastream which already operated a private information system before Prestel's launch. Now parts of its information service are released into the Post Office viewdata system for customers.

This raises an interesting question of how such companies should price their Prestel information compared with their "traditional" service. This dilemma will become greater once public acceptability for the basic viewdata service has been achieved and a new phase of technological advance is undertaken, centred around the use of computing devices both in the home and in the office with the important addition of electronic printers and magnetic memory in the form of cassette recorders or mini disc units.

Unless companies modify their practices, the comparatively cheap cost to the customer using viewdata may therefore undercut present business information services. Travel agents and house agents, for instance, might experience severe competition from a viewdata service. Banking would almost certainly be affected and even professional services could eventually feel the impact.

Apart from information providers linked to Prestel, there are closed user groups. Companies such as GKN, Smedley Foods and British

Oxygen, for example have access to certain areas of Prestel, available only to themselves.

There are additionally, subscriber closed user groups—Infotex, for instance—which provides legal data.

The Post Office currently limits the number of closed user groups to around 15 per cent of the total information bank and there are estimated to be up to 50 closed user groups.

In theory, the Prestel network could connect private systems into the public network. However, because of the way the system is presently organised, opinion seems to be moving against this idea.

In Germany, however, serious thought is being given to the establishment of a network of computers which would all carry different information (instead of identical information as in Prestel).

The growth of closed user groups is unlikely to be startling, according to one international consultancy specialising in computers. Within the next decade, British business users will likely see the advent of the universal terminal, linking their television sets to German, Dutch, North American and Hong Kong

viewdata systems. The release of worldwide information will be an obvious advantage to both companies and information providers. American Express, for example, provides 100 pages on Prestel information through Fintel. Yesterday, it increased the page number to 800 and further expansion when international links are established is inevitable.

Developments in computer software will bring further complexities to viewdata systems. The British software group, CAP-CPH has already demonstrated its "teletext" technique which allows a transfer of computer programmes to "intelligent" terminals or small computers. Britain's business information service on viewdata is being watched carefully by the U.S. Already, several American communications companies are showing a strong interest in developing a viewdata capability—based possibly on the Prestel system, although the approach will be quite different from that of the British Post Office. In the U.S., business information will be a priority—recognising that this will provide the "bread and butter" of viewdata costs.

Colleen Toomey

When the public's ready for Prestel, we'll be ready for you.

Prestel takes off in the Autumn. By then, you'll be able to rent pages from us, free of crippling service charges and with the advantage of our equipment and the people to plan your programme, design your systems and input your data. Take as few as thirty pages or as many as you want. But remember, you're not the only middle-sized businessman reading this. Ring Barbara Ruben today on 01-353 0277 and get the ball rolling.

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Market

All of these uses, of course, depend upon a growing market: without such an assumption, the current state of the Prestel art is unlikely to be much used, and thus will not be able to provide a base for further developments. So what are the probable market trends?

Business will be the prime users: already, in the test trials, it became obvious that many business houses were anxious to try out the system's possibilities—there were many more requests for test sets than there were sets to go round.

The price, here, is a minor matter: the provision of adequate, reliable and easily obtainable data is the crucial matter. If business can be assured that it is worth the outlay, then it will sell well, initially, and the business information providers will do a roaring trade. But that alone will not guarantee the system's success.

To be wholly successful, it must be taken up by the domestic market. As yet, that market is wary, in part because of the high price, in part because of the vision of rapidly mounting phone bills (particularly where young children can use a set). In part because the capacity and usefulness of the system is not yet known.

The development of a mass domestic market depends on effective marketing (at which the Post Office is improving), a rapidly falling price and ready set availability. Given these—and the last two, especially, are still far from certain—then

Finally, it is certain that the viewdata systems will develop along the "interactive" route. This means, quite simply, that the home viewdata will be able not merely to receive, or store, but to communicate back to the Prestel computer, or to a range of other computers which may be accessed through the phone system.

Thus, the Prestel user may sit at home, or in the office, and call up a list of commodities which he might wish to purchase. Linking himself into the computer of the organisation which is selling these wares, he can enquire if a desired item is available, ask for it to be delivered, and if it is, then punch in a credit card number and pay for it there and then.

More controversially, the system can relatively easily be adapted to play a part in the democratic process, with the Prestel terminals acting as voting booths, or referendum aides. (The limitation here is, naturally, that they could probably only be so used when everyone has easy and assured access to a terminal.)

John Lloyd

The Impact of Viewdata Systems in the USA (£5,250)*

The Impact of Viewdata Systems in Europe (£6,000)*

Butler Cox & Partners Limited is a wholly independent management consultancy company. These two studies are objective, authoritative assessments of viewdata systems and their impact. The studies deal with the commercial and technical aspects of the systems, the opportunities and threats they create.

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For further details please contact:

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Butler Cox & Partners Limited

THE FORGOTTEN LOCAL ELECTIONS

Maybe a thorn in the side of the Tories



Mr. Tom King, the new Local Government Minister

LENGTHY round of political wrangling is beginning which will decide whether or not the Conservatives will control the general and local elections — will control all of the apparatus of central and local government.

At stake is control of the powerful Association of Metropolitan Authorities (AMA), a twist of political irony it is a Liberal — holding the lance of power in six key metropolitan council chambers who could deprive the Tories their goal.

Labour did well in the elections — but not quite well enough to ensure outright control of the association. Six elections in the metropolitan districts produced inconclusive results with no party gaining a clear majority and it will be in these local authorities that the political control of the association will be finally decided.

If Labour succeeds in reaching local agreements with the Liberals and Independents the city will secure control of the association's key committees which could be a major thorn in the side of the new Conservative Government.

A number of key Conservative manifesto pledges — including a sale of council homes —

depend at least in part on co-operation with the larger local authorities.

The General Election campaign and outcome clearly took attention away from the local elections in the 36 metropolitan areas and 333 district councils in England and Wales, although for many people the local election results may prove in the longer term almost as significant.

The metropolitan districts were regarded as the main "prize" in the local elections. They are bigger in population (11.6m) and, because they have education, housing and personal social service powers, unlike the shire districts, they are responsible for about 80 per cent of the £4bn to £5bn now spent annually on local services and transfer payments (taking current and capital expenditure together) in their areas.

Crucial role

Labour lost control of the AMA — which has a crucial role in negotiating with central government over local authority spending — through a series of local elections during the last government.

With the Conservatives secure in their control of the other two major local authority associations, the Association of County Councils and the Association of District Councils, Labour needed to regain control of a majority of the metropolitan districts in order to have any foothold in the machinery of government.

To achieve this end Labour had to win back at least six of the metropolitan areas lost to the Conservatives in 1976 and 1978 together with South Tyneside and Wolverhampton where Labour had the majority of council seats but no overall control.

Labour was expected to make some gains in the local elections because the last rounds of elections in 1975, 1978 and 1979 took place when the Conservative lead over Labour in the

opinion polls was between 8 and 14 per cent. However, before the General Election date was announced neither party expected Labour to regain control of the AMA.

The decision to hold the General Election on the same day as the local elections introduced new factors.

General elections focus attention more on the main parties rather than on local policies. Also the usual turnout for local elections is between 30 and 40 per cent rather than the 80 per cent turnout witnessed at the General Election. While there is no detailed information available on the turnout for the latest local elections, it seems probable that most people who voted in the General Election also voted in the local elections.

The impact of a higher poll coupled with cross-voting can be seen in the local election results although it would be wrong to suggest either that the effective swing to Labour was even across the country or that local issues played no part in deciding electors on the way they voted.

Labour regained control from the Conservatives in Coventry, Tameside and Sandwell, won effective control in Wolverhampton through the mayor's casting vote, retained an overall majority in South Tyneside, and became the largest party in Liverpool and Walsall.

In addition the Conservatives lost their overall majority but remain the largest party in Leeds, Kirklees, Rochdale and Birmingham with Liberals or Independents holding the balance.

In Coventry, Labour won eight seats to take control on the same day that in the city's South East Parliamentary constituency the Conservatives ousted Mrs. Audrey Wise, the former Labour member.

In Tameside, Labour turned a two-seat Tory majority into an 18-seat Labour majority — probably reflecting local feelings over the previous Conservative

council's stand against comprehensive education. Liverpool electors once again returned Labour as the largest party although again keeping it from overall control. This still leaves room for the Liberals, who have controlled the council with Conservative support, to retain control based on a pact with either the Conservatives or Labour.

In Birmingham and Leeds substantial Conservative majorities crumbled leaving the Tories still the largest party but with no overall control. In both cases the Liberals held the balance and could combine to give Labour control.

Whether Labour does regain control of the Association of Metropolitan Authorities will now depend on negotiations with the Liberals in these "stalemate" metropolitan districts and most critically on what happens in Walsall.

Membership, and therefore control, of the Association's committees, and in particular the policy and education committees, depends on a complex arrangement based on groupings of the metropolitan districts around the counties. The West Midlands grouping consists of Sandwell, Wolverhampton and Coventry (all Labour controlled), Solihull, Dudley and Birmingham (which will probably all be Conservative controlled) and Walsall.

The outcome

In Walsall Labour has 28 seats, the Tories 19, Independents 6, Liberals 2 and others 5. Since the weekend no one was willing to predict the outcome of negotiations in Walsall.

In fact the AMA's internal elections are not until July and it is unlikely that there will be any clear indication of which party will control the association much before then. Considerable pressure will be brought to bear by both major parties on the Liberals and Independents — a fact which in the longer term

KEY METROPOLITAN COUNCILS FOR THE GOVERNMENT

(previous party strength in brackets)

LABOUR GAINS FROM THE CONSERVATIVES:

Coventry Lab. 31 (24) Con. 23 (30)
Sandwell Lab. 50 (43) Con. 19 (24) Lib. 2 (3)
Tameside Lab. 36 (24) Con. 18 (28)

LABOUR GAINS OVERALL MAJORITY:

South Tyneside Lab. 41 (32) Con. (and others) 25 (34)
Wolverhampton Lab. 30 (28) Con. 29 (30) Others 1 (2)

NO OVERALL MAJORITY — Liberal hold balance (largest party first)

Birmingham Con. 63 (69) Lab. 56 (49) Lib. 7 (8)
Kirklees Con. 35 (48) Lab. 32 (15) Lib. 5 (9)
Leeds Con. 45 (50) Lab. 44 (39) Lib. 7 (7)
Liverpool Lab. 46 (40) Con. 23 (24) Lib. 30 (35)
Rochdale Con. 27 (37) Lab. 25 (16) Lib. 8 (9)
Walsall Lab. 28 (24) Con. 19 (22) Lib. 2 (1) Others 11 (14)

could radically alter the more traditional non-party approach of the association.

If Labour do gain control it will be in the areas of housing and education that there is the greatest risk of conflict with central government although there could be a fight over other issues such as the Conservative's approach to inner city problems.

Labour, through the Inner Urban Areas Act, had taken a firm initiative on inner city problems providing special grants, "bending" main line spending programmes to benefit the urban districts and setting up the new machinery of partnership areas (partnerships between central and local government).

The Conservative attitude towards these initiatives remains unclear. While it is unlikely that the new Government would want to dismantle the whole inner city policy more emphasis will be placed on encouraging private enterprise solutions.

On housing in particular the Conservatives are pledged to give every council tenant the

right to buy his or her home — medicine the larger Labour-controlled urban conurbations would not swallow easily.

Local democracy

However it would be difficult for the Conservative Government to force reluctant local authorities to abide by a general directive because the Tories also favour strong local democracy. How the Tories would cope with a series of "Tamesides" on a different issue therefore remains unknown. Similar problems with the more numerous district councils are less likely. Following the district council elections the Conservatives remain firmly in control of the Association of District Councils although Labour did win a substantial number of council seats and control of a majority of the more crucial "big nine" cities.

Detailed comparisons between the performance of the major parties in the local elections has been made difficult by boundary

changes and the fact that in a few instances the final results will not be known until today. The latest results, based on comparative figures from about two-thirds of the 369 local authorities, show Labour gaining 365 seats against 77 losses, the Conservatives with 342 gains and 563 losses, and the Liberals with 188 gains and 68 losses. The figures also suggest a squeezing of the Independents who have lost about 430 seats against gains of about 133 seats.

This squeezing of the role of the Independents on district councils will no doubt accelerate the trend in recent years away from the less partisan role of local government.

While the fate of the Independents also suggests a high degree of cross-voting — coupled with the effects of a higher poll — there are interesting exceptions. In both Newark and Welwyn, Hatfield the Conservatives gained the Parliamentary seat but lost control of the local district council.

The impact of the shift towards Labour in the district councils is difficult to predict. It will possibly be most important in terms of local policies although the significant Labour wins in six out of the nine larger district councils — Leicester, Nottingham, Derby, Bristol, Kingston-upon-Hull and Stockport — could have other effects.

Again the Conservative Government is likely to meet determined opposition in these areas to council house sales — and to any shift of funds away from the urban areas back towards the shire counties. The plans of Labour to hand back some powers taken from the larger districts and given to the counties in the 1976 reorganisation will now die although the Conservatives are in favour of a review in certain areas.

In particular, Mr. Michael Heseltine, Environment Secretary, has said it may be necessary to re-consider local authority responsibilities for planning, highways and trans-

port. This might involve handing powers back in these areas to the district councils. Such changes — although not meeting the full aspirations of the larger district councils — would be strengthened by a stronger Labour influence in the Association of District Councils during discussions.

Wider context

In a wider context the Conservative Government is faced with the problem of coming to grips with the whole question of local authority expenditure. Manpower in local government has begun to edge up again following the cuts of 1974-75 and government currently provides £8.6bn out of the total £14.1bn local authorities are expected to spend this year. Any attempt to reduce manpower or the level of public expenditure will require the co-operation of all sections of local government and it is perhaps in this field that a Labour-controlled Association of Metropolitan Authorities — should this transpire — would prove most difficult for the new Government. An additional problem will be that Labour tailored government support grant to the local authorities to give preference to the urban and metropolitan areas. This is a course the Conservatives are expected to reverse.

For these reasons it is unlikely that the Conservatives will be in any hurry to relinquish control of the Association of Metropolitan Authorities.

They are expected to use the period up until July — when the Association's internal committee membership is reorganised — to try and seek local agreements with the Liberals in the key metropolitan areas which have no overall majorities.

Control of the association is therefore in the balance. If Labour does succeed in winning control the job facing Mr. Tom King, Mrs. Thatcher's recently appointed Local Government Minister, will be made that much more difficult.

Letters to the Editor

Managers' pay

om the Director General of the Institute of Management, Sir, Jason Crisp's article on managers' pay (May 2) makes a valuable contribution to the debate on whether British executives are better off than their overseas counterparts. It is, however, as Mr. Crisp rightly points out, an area in which any comparison must be "very wide indeed." Certainly, any comparison with the position in inland European countries does not take account also of such things as differences in the cost of living, the exchange rate, differences in job content, and differences in job content, is very questionable.

It is also, I suggest, somewhat misleading to concentrate attention on a vulnerable comparison this kind when the real issue is the extent to which a reduction in income tax is, in the present circumstances, the best way of providing greater incentive to those people on whom we all depend for the creation of our national wealth.

The fact is that in percentage terms last year's tax reduction did not help middle managers as much as it did those below and above them. The concentration on the 1978 Budget on the new reduced rate band and on the reasons in the real value of "allowances" gave a net benefit to the lower end. Higher rates taxpayers are assisted by the rise in the level of the higher rate thresholds. Middle managers received the least benefit in real terms.

Broader of pay differentials, however, appears to have been tested or even slightly reduced during Phase III. Last year's British Institute of Management national management survey found that managers' salaries had increased 10 per cent in the year ending January 1978 compared to a 9 per cent increase in average earnings. Similarly, the more recent Invision survey reported rises for managers of 16 per cent in the year to July 1978, compared to 14 per cent for average earnings.

But those pay and tax changes had to be seen against the narrowing of differentials for managers was particularly severe as the following figures show:

change in annual terms
e-home pay 1973-77 1978
average earnings -7 +9
average manager -20 +10
average executive -33 +10

The results of the 1979 BIM survey will reinforce the trend for the new Government to concentrate on reducing income tax and to "index" the higher rate thresholds, in order to benefit middle managers and other professional-affiliated people. The survey I show that companies are tending to experience difficulty in attracting and retaining middle managers. When the statistics also show that it needs something like 10 per cent increase in gross pay, at present tax rates, to lure a senior manager to their purchasing power, it can be seen that the problem permeates all levels of management.

Efficiency exists

From the General Secretary of the Inland Revenue Staff Federation

Sir, — The letter from D. B. Logdon (April 24) scarcely, it seems to me, merited the dignity of the heading which you gave it: "A study of comparability." What was particularly unconvincing about his letter was the statement that his two recruits had "not left the civil service for higher pay" for they appear to have picked up a 50 per cent increase in pay plus expensive "company cars."

As to the rest of his letter, this strikes me as a typical example of the self-satisfied myopia of those who believe that efficiency exists only under free enterprise. If efficiency means working while you are driving then I hope that the Hertfordshire police force are keeping their eyes open for these two ex-inspectors of taxes.

What is so hypocritical, however, is that the Mr. Logdons of this world will heap censure on the heads of the Inland Revenue staff who cannot answer back but cheerfully allow this "inefficient" Government department to provide the expensive training for the staff they need to attract.

Anthony Christopher,
7, St. George's Square, SW1.

Import quotas

From Mr. D. Davies.

Sir, — We import mainly from Taiwan. For the last ten years the Department of Trade has allocated us a quota to the extent of almost 120,000 dozen of a variety of clothing categories. Last year, such quota was withdrawn from us and the administration given to Taiwan.

In the last five months, we have been unable to buy any goods from our usual suppliers because the quotas are becoming scarce which, in turn, is resulting in soaring prices which, for each dozen pieces, has become between \$14 to \$20. In our small business this makes a difference in cost to us of over \$14m. I do not know how many hundreds of millions of dollars this country has suffered in the light of such action by the Department of Trade. Moreover, this action is inconsistent with

Losses and gains

From Mr. T. Shucksmith.

Sir, — "Playing with fire" would perhaps be a more apt title to Mr. Friedlander's letter of May 2 than "Playing the market." Taken as a whole investors cannot gain anything by playing market fluctuations. One man's gain is another man's loss. It follows that seeking to exploit cyclical movements to the way to make large losses as well as large gains.

For investors with unfettered wealth seeking to exploit market fluctuations may be stimulating and exciting and the name of the game. For most institutional investors, however, who have contractual obligations or fiduciary responsibilities, gaming is difficult to justify.

T. S. Shucksmith,
4 Rokebury,
189 Blackborough Road,
Reigate, Surrey.

Playing the market

From Mr. A. Henfrey

Sir, — Mr. Friedlander (May 2) is mistaken in his belief that easy pickings are available to institutional investors who attempt to time equity market movements. After paying for transaction expenses and for the mistakes (we can unfortunately only identify cyclical highs and lows with the benefit of hindsight) there is little, if any, evidence to suggest that the probability of a superior risk adjusted investment performance using this technique would be any greater than that of a naive buy-and-hold strategy.

If Mr. Friedlander had really understood what modern portfolio theory was saying he would have been more careful in his use of such meaningless phrases as "excessive diversification" — excessive in relation to what?

Anthony W. Henfrey,
Vice-President,
Simmons and Co. International,
1800 South Tower,
Pennzoil Place,
Houston, Texas 77002.

Paperwork is the problem

From Dr. D. Doughty

Sir, — As a private taxpayer, may I put in three simple requests, above party politics, to the new Chancellor. It is for some relief from the dreadful paperwork!

Our tax system has become incredibly complex over the

years. My "Tax return guide" for 1978-79 runs to about 10,000 words in small print of semi-legal language I cannot wholly understand. Try, for example, page 9 "Allowances for Children — Students." Many of us are now forced to seek expert, but expensive, help.

Could there be a look, annually, at the starting points of all taxes? That for capital gains tax has not changed for over 13 years, from a time when my London bus fare was 3 old pence, now it is 15 new ones. A unit trust-linked insurance policy of mine is shortly due to mature, worth in real terms, about a third of the premiums paid. Yet it carries a deduction for CGT! Sales, too, of many quite modest houses now attract the penal luxury stamp duty, a real deterrent to a move.

If you are the parent of a student on a grant, why should it be necessary to have to fill in two income forms? One for the Inland Revenue, and another with the same figures, to the local authority? Surely there must be some scope here for form-filling relief — and better still, for real economies at local government level.

(Dr.) D. C. Doughty,
11, King George Avenue,
Bletchley, Watford,
Herts.

A convenient tax

From Mr. T. Arthur.

Sir, — I am heartened that Mr. Brookes (May 3) believes that most people would be best off in conditions of zero inflation. Of course they would, so why haven't we got it? Because significant minorities, in particular government and its appendages, can gain handsomely from inflation. Inflation is a highly convenient tax, true, but one of which cannot be traced, and the initial beneficiaries of which may be similarly haphazard except that government is usually first in the queue. The essence of inflation is redistribution; it would be a pointless exercise if everyone were to be "protected" against it to the same extent. The losers outweigh the winners because of the harmful general effects of inflation which include the partial destruction of the only available means of rational calculation — misallocation of resources, booms, busts, and uncertainty.

It is therefore vain to suppose that inflation can be rendered neutral in its effects. One must concede to Mr. Brookes that it is hardly fair to call any whole class of people, such as public sector pensioners, "greedy" in asking for protection, but it hardly seems apt for pension protection to be granted to those very people who have worked closest to the engine of inflation — that is government. Of course, like so many other examples of one distortion heaped upon another, the blame lies with the Heath Government — in this case via the Pension (Increases) Act 1971.

T. G. Arthur,
17 Highfield Road,
Edgbaston,
Birmingham.

Today's Events

GENERAL

UK: New Parliament assembles to elect a Speaker and swear in members.

Engineering workers' pay talks meet.

TUC economic committee meets.

Society of Civil and Public Servants conference, Conference Centre, Brighton.

Ministers from 10 OAPC nations meeting in Kuwait, contemplate proposals for dialogue between EEC and oil producing states.

OFFICIAL STATISTICS

London clearing banks' LK Industrial Investments,

COMPANY RESULTS

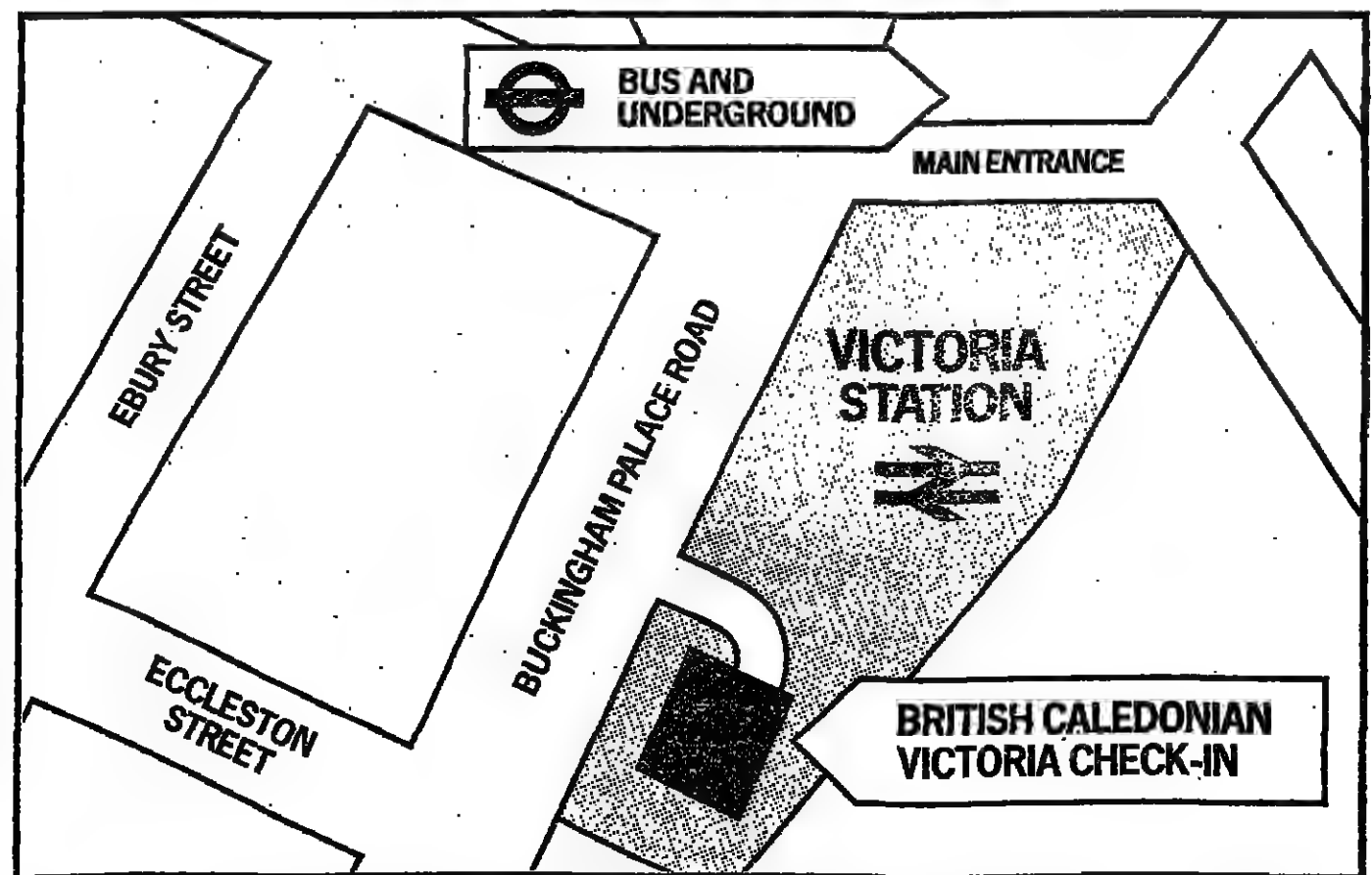
Final dividends: Barrow Hepburn, Buzell Pulp and Paper, Dertend Stamping Company, External Investment Trust, Feeder Agricultural Industries, Matthew Hall and Co, F. C. Henderson Group, Laine Properties, London and Provincial Shop Centres, Westward Television.

COMPANY MEETINGS

Biddle, Cafe Royal, Regent Street, W. 13. C. T. Bowring, Vascular House, Tower Place, EC. 12.15. British Mohair Spinners, Victoria Hotel, Bridge

Street, Bradford, 12. R. Cartwright, Birmingham Chamber of Commerce, Birmingham, 12. Downshire, Merchants Hall, 7 West George Street, Glasgow, 12. English and Scottish Investors, 2 St. Mary Axe, EC. 2.30. Gibbs and Dandy, Chamber of Commerce Rooms, George Street West, Luton, 11.30. Gough Bros, 38-45 Tottenham Court Road, W. 12. A. A. Jones and Shipman, Narborough Road Smith, Leicester, 2.15. Law Land, Howard Hotel, Temple Place, 12.15. Schroders, 120 Cheapside, EC. 12.15.

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Companies and Markets

UK COMPANY NEWS

Marks and Spencer tops £161m—pays extra 23%

WITH PROGRESS being maintained in the second six months, Marks and Spencer, the St. Michael store chain, has pushed up profits by 37 per cent to a record £161.55m for the year ended March 31 1979. The dividend total is going up by 23 per cent, but the directors say that this has had to be restricted in accordance with current guidelines as the Treasury refused to sanction an increase in line with profits.

Total sales showed an increase of 17.5 per cent to £1.47bn. With this figure UK store sales rose by 19.9 per cent to £1.35bn, those for European stores went up by 20.3 per cent to £235.8m while in Canada a 2.4 per cent fall lowered the figure to £53.3m. Direct export sales outside the UK decreased by 27.4 per cent to £25.45m. Total exports from the UK were down by 17.3 per cent to £44m.

An analysis of the profit before tax and an allocation of £2.68m (£1.92m) in respect of the employees' profit sharing scheme shows an increase from £122.52m to £161.55m in the UK, a turnaround from a loss of £1.63m to a profit of £1.13m in Europe and a reduction from £1.05m to £0.63m in the Canadian deficit.

The group attributable profit comes out 33.5 per cent higher at £53.51m and earnings per 25p share are shown to be up from 4.7p to 6.35p.

The proposed final dividend is 1.587p, effectively raising the total from 2.12p to 2.61p. The directors state that the final dividend is the maximum payable under current legislation in accordance with guidelines relating to dividend cover. It was the Board's intention to increase the dividend for the year broadly in line with profits.

The Treasury has, however, refused to sanction this by requiring the group's dividend cover calculation to be based on the year 1978-79 even though the accounts for that year included certain extraordinary tax adjustments, and the directors.

Referring to the European result the directors point out that exceptional expenses of £1m

HIGHLIGHTS

Lex looks at the highly successful year for Marks and Spencer which has pushed up volume and margins in the UK though its overseas ventures are still showing uneven progress. The annual report from the NEB comes in for consideration and it shows that the return on capital employed is little changed. Costain stands out amongst the majors with a most attractive 30 per cent rise in pre-tax profits. Its work in the Middle East is running out but its cash mountain is rising. European Ferries has produced a 19 per cent increase in profits with good rises from both shipping and property. Elsewhere Jefferson Saurit has come up with an £11.48m rights issue, and figures from Mothercare and Lesney have been hit by poor results from U.S. operations though in the latter's case the overall impact is more dramatic with a sharp drop in group profits. J. Hepworth is reaping the benefits from higher consumer spending.

have been written off in arriving at the profit figure. Store opening expenses in France amounted to £427,000 and costs connected with the reduction of selling space at Lyon totalled £875,000.

For Canada, the loss was arrived at after charging a total of £1.59m in respect of store closure costs in the Marks and Spencer division and the costs of disposal of fixtures and warehouse equipment.

The directors state that because of the recent strength of sterling the Canadian exchange rates in particular were materially different from those used last year and this has distorted the sales comparisons. Expressed in Canadian dollars sales in Canada rose by 11 per cent.

The group pre-tax profit was struck after interest of £10.43m (£7.94m), depreciation of £13.33m (£11.42m) and included interest receivable of £10.87m (£4.64m).

See Lex

WEBSTERS CHANGE

Websters Publications is proposing to change its name to the Websters Group because the Board feels the present name is no longer representative of the range and activities of the group.

Hawkins & Tipson slumps

PRE-TAX profits of Hawkins & Tipson, ropes and wire maker, slumped from £522,000 to £127,000 for the half year ended February 28, 1979, on turnover little changed at £8.72m against £8.66m.

Profit for the previous year was down from a peak £1.33m to £1.1m.

The directors state that a contract with Iran, worth over £1m, has been suspended, and as a result it is estimated the wire division has incurred irrecoverable expenses of some £90,000.

The directors are reviewing the short term position in order to make immediate economies. And they are bringing forward consolidations and savings which they have already agreed.

On increased capital from last year's one-for-eight rights issue, and after tax of £32,000 (£183,000) earnings are shown as 1.35p (4.88p) per 25p share. The interim dividend is 1p net (same) and it is intended to maintain the final payment—last year's was 3.48p.

ANNOUNCING 1978 taxable profits ahead from £21.7m to a record £25.88m, Mr. Keith Wickenden, the chairman of European Ferries, says the company is considering splitting its share capital, giving one class of share carrying dividends and another carrying cheap fare concessions.

The chairman says it will be more difficult this year to achieve a 20 per cent growth, although some is anticipated.

First-half profits were up from £7.05m to £8.5m.

In profit terms, the lorry drivers' dispute at the start of this year is estimated to have cost the company around £1m, but Mr. Wickenden is looking for an increase in group profits in 1979.

With stated earnings per 25p share higher at 22.7p (20.8p), a final dividend of 1.98p lifts the net total payment from £2.8727p to 3.06p, and the chairman says there is scope for an increase this year.

The pre-tax profit contribution of the shipping division rose from £15.5m to £18.3m, the harbour operations actively roughly maintained its profit at £2.12m and the financial services and property side increased its contribution by £1.4m to £5.4m.

During 1978 the tourist side increased its carryings by 16 per cent and the freight side by 10 per cent.

Tourist tariffs were frozen last year, while the tariffs on freight were about 13 per cent higher. At the beginning of 1979 the company increased its tourist tariff by 12 per cent and freight tariffs have been increased by about 10 per cent effectively.

The group, one of the best known for its shareholding "perks" with its concessionary

offer by Townsend/Thoresen ferry lines, expects to make a decision on the share split move this year.

At the moment it offers concessions to shareholders that have held 300 shares for ever one year. Any shareholder who qualifies is entitled to two annual concessionary fares for one car and up to four passengers. On the Dover route this is equivalent to 50 per cent off list prices and for Felixstowe, Portsmouth and Southampton, there is a reduction of 40 per cent. A spokesman for the company said that "depending on the size of car, the concession could save a shareholder over £100 plus a year."

The advantage for the company in such a move would be the administrative cost saving plus the ability to offer the big institutions a higher yielding investment. At present the company has a disproportionately large number of individual shareholders many of whom are attracted only by the offer of the fare concessions.

See Lex

British Northrop setback

A £59,415 pre-tax loss compared with a £145,482 surplus in the second half left British Northrop sharply down from a record £521,432 to £115,858. Reorganisation, including a cut in workforce, took place during the period and the directors warn of a depressed first half in the current year. However they are more hopeful for the second six months.

Turnover by the Blackburn-based producer of textile machinery and estate developer, was lower at £2.53m, against £3.48m, for the 12 months.

At mid-term the directors said that the fall in surplus from £273,000 to £175,000 arose from

difficult trading conditions worldwide in the textile industry and reluctance of customers to place new orders.

Stated earnings per 50p for the year were 45p (27.5p) and the dividend is cut from 6p to 2p. Because of relief available from earlier losses there was no tax on the profits of the group's textile machinery company but a charge of £37,290 (£37,853) arose on property income. The net balance emerged £78,195 (£483,629).

Profit is shown after interest of £236,569 (£173,154) and comparatives have been restated for depreciation on land and buildings which have been revalued.

Mr. Ernest Carr, chairman, says the group's activities are gathering momentum as the current year develops. The company is on target for the £900,000 minimum full-year profit forecast given during the successful defence against GEI's takeover bid, he added.

The net interim dividend is stepped up from 0.5p to 2.01p per 25p share—last year's total payment was £.6396p on taxable profits of £504,000. As part of the bid defence, the directors said they would recommend a dividend for the year of 81p gross.

Tax for the half-year took £158,154 (£157,032). Pre-tax profits were struck after depreciation of £70,475 (£57,945), interest on funding and overdraft of £54,811 (£46,340), and investment income of £140,000 (£208,000).

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RECORD turnover and pre-tax profit figures in 1978 are reported by Richard Costain—now a wholly-owned subsidiary of Costain Group.

The taxable surplus expanded 30 per cent from £36.21m to £46.94m on turnover 18 per cent ahead at £599m, against £493m.

Exchange rate changes reduced taxable profits by about £1m, the directors say.

At mid-way, when the surplus was up from £11.52m to £16.23m, the Board of the international contractor expected record full-year results.

The directors anticipate that 1979 will be as good as the year under review. Orders on hand at end-March were some £525m, of which around £310m related to international operations.

Reduced investment in Nigerian companies and the termination of a contract in Iran account for the exclusion from orders on hand of some £50m.

Tax for the year took £18.68m (£16.11m). Earnings per 25p share are shown to have risen from 30p to 39.5p, and stated earnings of Costain Group are up from 24p to 31.7p.

Turnover 1978 1977
Trading profit 46,940 43,000
Pensions, etc. income 2,538 2,369
Property sales 532 1,554
Profit before tax 46,942 46,922
Interest 18,683 18,683
Tax 2,012 2,012
Net profit 6,218 3,404
Minorities 3,272 2,799
Extraordinary items 18,770 14,093
Attributable 18,770 14,093
Available 18,770 14,093
Ord. div. 1,887 1,387
Reserves 17,000 12,706

In accordance with scheme of arrangement proposals, there is a special interim dividend of 0.4709p, making 3.0467p—last year's payment was equivalent to 3.0658p. The directors reaffirm their intention of paying a total of not less than 6p in 1979.

The extraordinary debit of £3.27m (£2.64m) arises mainly from differences on translation of overseas currencies, losses on the reduction in shareholdings

in former Nigerian subsidiaries, and the amortisation of premium on acquisition.

It is proposed to introduce an employee share scheme. A £300,000 provision required for the proposed scheme in 1979 has been made in the 1978 accounts.

See Lex

Brixton Estate increase

AFTER TAX and a transfer from capital reserves, available profit of Brixton Estate, property developer and investment company, came out higher at £1.63m for 1978 against a previous £1.37m.

Rental income was ahead from £5.1m to £7.15m and gross profit up from £2.58m to £2.77m.

A valuation of the company's completed and let properties, both in the UK and overseas, at December 31, 1978, shows a surplus over book value of £12.11m.

The directors say they are continuing their policy of acquiring suitable schemes for development in the UK and abroad. Earnings per 25p share are shown as 4.87p (3.84p) and under cover rules on dividends, the total payment for the year is increased to 2.3229p (2.0669p) net with a final of 0.9259p.

Also proposed is a one-for-one scrip issue; the authorised share capital is to be increased to £12.1m. Subject to legislation the rate of dividend is expected to be maintained on the increased capital.

Tax for the period took £587,000 (£411,000) and the transfer from capital reserve was halved at £540,000 (£1.75m). After dividends the retained amount was £83,000 compared with £65,000.

Net assets totalled £84m (£81m) or 175p (132p) per share.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corr. of spending	Total for year	Total last year
Athers	8.89	July 2	3.89	8.89	5.87
Barr and Wallace	2.83	July 4	2.51	3.5	2.51
Booth (International)	3.15	July 31	2.81	4.69	4.39
British Northrop	2	July 1	6	2	6
Brixton Estate	0.93	July 25	0.66	2.32	1.91
Costain	0.47	July 2	—	3.05	2.31
Energy Services	0.3	—	0.2	0.5	0.3
European Ferries	1.88	—	1.8	3.08	2.53
Hawkins and Tipson	Int. 1	—	—	—	4.46
J. Hepworth	Int. 0.79	June 26	0.72	—	2.4
Lesney Products	2.06	July 2	1.55	3.24	2.8
Marks and Spencer	3	July 13	1.77	2.61	2.12
Moss Eng.	2	July 3	2.13	4	3.03
Mothercare	Int. 0.55	July 12	0.55	—	4.54
Prince of Wales	2.16	July 2	1.9	3.29	2.58
Richard Green	0.65	July 6	0.44	1.15	0.84
J. Smurfit	5.94	June 29	4.87	8.75	7.94

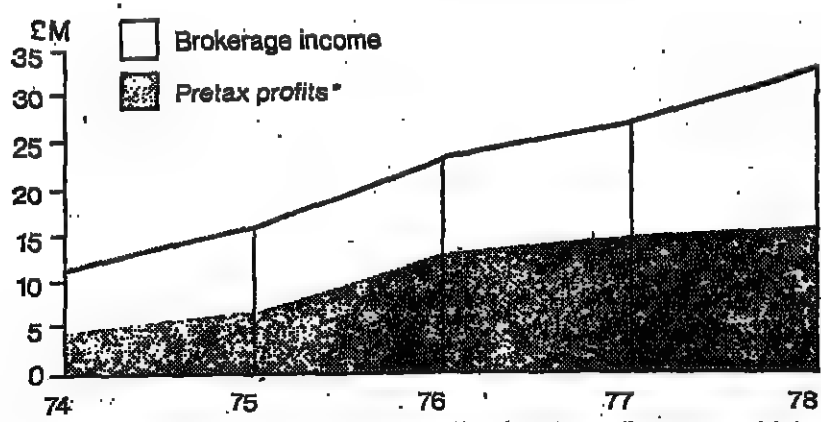
Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues.

22% increase in brokerage income for Minets.

One of the best performances by any international insurance broker so far reported. And a measure of the continuing growth of Minets' business.

Our total brokerage income for 1978 of £32.4m was achieved in spite of generally difficult conditions, especially overseas with the continuing effect of sterling's strength against the dollar and other leading currencies.

This factor alone, we estimate, cut Minets' pretax profit by over £14m. Nevertheless, we maintained our record of improving our year on year performance.



As in recent years, our North American business continued buoyant. With our well established presence there we feel confident that, despite increased competition, Minets' upward trend will continue.

Our discussions with the major US insurance broker—Coroon & Black Corporation—are continuing. We anticipate a successful outcome to our mutual benefit.



Here in the U.K. our recent reorganisation is providing Minet clients with an even more efficient and sophisticated service. A satisfactory growth in income was achieved in the face of continued inflationary pressures and the heavy costs involved in our move into the new Group headquarters.

Elsewhere, even though market conditions may not improve dramatically in the current year, our international group of companies are looking for further progress.

PROSPECTS

Commenting on the outlook for 1979 Minets' Chairman, Mr. John Wallrock, said he was confident the Group could respond to the twin challenge of adverse exchange movements and persistent cost escalation.

He stressed that Minets would continue to seek out new opportunities, both in terms of new markets and new services related to the Group's basic insurance broking role.

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THROGMORTON

Following the conversion of £468,858 nominal 8p per cent convertible unsecured loan stock, 1988-92, of The Throgmorton Trust into 802,982 ordinary shares of 25p each on April 30, the board has decided to exercise its right under the trust deed to convert compulsorily the outstanding £539,402 nominal at 17p ordinary shares for each £100 held, subject to the option of stockholders to request repayment at par. Notice will be issued to registered holders on May 8. The company is managed by Keyser Ullmann Investment Management.

ART GALLERIES

GALLERY GEORGE, 56-58, George Street, W.1. 01-555 3322. Fine 19th and 20th Century paintings and sculpture, oil paintings, watercolours and graphics, all paintings, prints, drawings, etc. Mon-Fri. 10-6. Sat. 10-5.30.

MARLBOROUGH, 5, Albemarle St., W.1. 01-479 1111. Selected works and prints. Mon-Fri. 10-5.30. Sat. 10-12.30.

OMELLY GALLERIES, 40, Albemarle St., Piccadilly, W.1. Now selection of 19th and 20th Century paintings, including modern, French, Italian, Spanish, etc. Mon-Fri. 10-6. Sat. 10-5.30.

REDDEN GALLERY, POLLY HOPE STUFFED PICTURES, 40, Albemarle St., Piccadilly, W.1. Mon-Fri. 10-6. Sat. 10-5.30.

RICHARD GREEN GALLERY, 14, Dover Street, W.1. Selection of old and modern British and foreign paintings, prints and drawings. Mon-Fri. 10-6. Sat. 10-5.30. Sun. 10-5.30.

THE PARKER GALLERY, 2, Albemarle Street, Piccadilly, W.1. Selection of old and modern British and foreign paintings, prints and drawings. Mon-Fri. 10-6. Sat. 10-5.30. Sun. 10-5.30.

WILSON, RAIL RUSSO, Recent Paintings. Until 19th May. Wed-Fri. 10-5.30. Sat. 10-12.30. 147, New Bond Street, W.1.

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You may have read recently of Hanson Trust's record financial year.

Sales increased to over £600 million and profit rose to a new high of £26 million.

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What do we do?

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From agricultural feedstuffs in the USA to brickmaking in the UK, from pump hire in Australia to milling in Scotland, Hanson Trust is an industrial management company committed to industries basic to human needs — food, shelter and clothing.

It is founded on the simple and effective philosophy that while people may *want* the luxuries of life, they will always *need* the basics.

It's because our business is in these basics you may not have heard of many of our companies, although you will probably have heard about their profitability.

Indeed it's on this solid, dependable foundation that Hanson Trust has built its history of success.

Here and there

The USA has been extremely fertile ground for Hanson

Trust. Our investment in America has been among the major success stories of British business in recent years.

Today there are over 20,000 people employed in the USA by Hanson Trust in businesses with total sales of more than a billion dollars a year. In fact, in April 1979

'Forbes' ranked Hanson Trust's US business as the 28th largest foreign investment in the USA.

The Record Book

You should know more of the how, why and what of this record of achievement. The report and accounts of Hanson Trust gives you not only a

financial and statistical analysis, it also tells you much more about our business worldwide.

It's available from Hanson Trust Ltd., FREEPOST, London SW3 1BR. Or phone us on 01-589 7070 and we'll send it to you.

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The industrial management company where people are as valued as assets.



Rollalong provides portable accommodation to local authorities and the construction industry.

SLD Oiling is the exclusive UK supplier of this award-winning Cosmos Crane.

The Carlbrook Companies include the producer of this beautiful lace.

Butterley Brick is one of the UK's largest facing brick makers.

Ball Park frankfurters are made by Hygrade, a \$500 million a year corporation.

Each year Seacoast catches 750 million menhaden fish, used for animal feedstuffs.

SLD Hire has a fleet of over 4000 pumps in the UK, Ireland and Australia.

Hamlyn Angus supplies animal feeds throughout Scotland.

Hanson Trust employs over 25,000 people worldwide.

Interstate provides over three million meals a day for Americans.

The Henry Campbell Group produces heavy industrial thread in the UK.



Companies and Markets

UK COMPANY NEWS

Lesney profits almost halved—U.S. shortfall

AS A result of serious shortfall in North America, the Pacific and to a lesser extent, Europe, pre-tax profits of Lesney Products, the "Matchbox" toy group, were almost halved from a restated £3.5m to £1.5m for the year ended January 28, 1979.

The directors say the dominant American market, was particularly disappointing as a result of the relative weakness of the U.S. and Canadian currencies, and a diversion of managerial effort to integrate the newly acquired AMT Corporation. A strengthening of management has been required.

The Pacific area suffered because of a keenly competitive Japanese market, while Europe incurred a number of negative influences particularly towards the year end.

On outlook, they state that the current year must accommodate a hardening pound as well as rapid price inflation of some raw materials. Selling prices have thus had to be increased significantly.

The rapid physical expansion last year must now be translated into increased profit and some moderation of gearing, they add.

Group sales for the year rose by 42 per cent from £83.3m to £88m, reflecting toy sales up by a quarter, with the balance resulting from the acquisition of Metal Castings (Worcester) and comprised of increased sales to industry.

After a tax credit of £0.3m (£3.5m charge), net profits fell from £3m to £1.5m. There were extraordinary debits last time of £0.5m.

Stated earnings per 5p share were lower at 16.3p (18p), but subject to Treasury consent, the net dividend total is lifted from 2.90p to 3.24p, with a 2.063p final.

Depreciation charged for the year was £5.6m compared with £4.4m last time.

	1978-79	1977-78
Turnover	88,000	83,300
Depreciation	5,600	4,400
Operating profit	3,500	10,000
Interest paid	1,800	500
Profit before tax	1,700	9,500
Tax credit	200	11,500
Net profit	1,900	21,000
Extraordinary debits	900	800
Dividends	900	800
Retained	1,000	20,200

UK credit £1.3m, less overseas charge £1m, 1 charge.

As a result of the AMT purchase and the accelerating investment in tools for production, the directors have decided to conform with SSAP 12 and 13 and the general practice for the industry. Tooling in the balance sheet is thus carried on the basis of depreciating such costs either equally over a three-year period or the toy product life, whichever be the shorter. Previously all tooling costs were written off as incurred.

At the year-end, net borrowings had increased from £3.9m to £2.6m.

Mr. Leslie Smith, managing director, says the group is looking for a "much better" year during 1979.

Sales are currently running at least 30 per cent up on last year, and the growth is expected to continue. But Mr. Smith sounds a note of caution over the possible impact of exchange rate movements.

comment

Lesney's disappointing full-year results, coming after Dunelm's disappointing 1978, has cast an aura of gloom over the toy sector, where share prices are reacting nervously. Stripping out the near-budget £0.5m profit from Metal Castings and a higher-than-expected loss of roughly £0.25m from AMT (the new acquisitions) profits are

nearly 50 per cent lower. On top of the 30 per cent jump in interest charges, the company estimates that around £3m of profits did not materialise because of adverse currency movements. Like DCM it was North America that soured the results. In Lesney's case, margins suffered from the unfavourable sterling rate, the problems of integrating AMT and much higher transportation costs incurred by having to airfreight in components for the Powertrack slot car racing system. Elsewhere, margins were only slightly better in spite of stiff competition and rising raw material prices. This factor, along with the prospect of a steady improvement in the value of sterling, must cast a shadow over the current year, although the company has introduced price rises of about a fifth in order to help offset the problems. The shares dropped 12p to 64p where the p/e, on a low tax charge, is 3.5 and the yield is 7.5 per cent.

Record for Prince of Wales Hotels

As forecast Prince of Wales Hotels turned in record results for 1978. Taxable profits advanced from £378,256 to £504,381 on turnover ahead from £3.3m to £4.2m.

Stated earnings per 25p share are up from 7.34p to 10.06p. The final dividend is 0.645p to lift the total from an equivalent 0.8378p net to 1.145p.

Interest charges were virtually unchanged at £96,185 (£95,748). The tax charge is up from £78,000 to £97,102 and last time there was an extraordinary item of £156,774, leaving a surplus of £407,269, against £140,482.

DESPITE A £1.3m increase in U.S. losses, pre-tax profits of Mothercare expanded to a record £15.76m in the year to March 30, 1979. In the previous 53-week period, the taxable surplus stood at £13.88m. Sales, excluding VAT, rose from £108.06m to £130.63m.

At midway, profits were higher at £7.02m compared with £6.52m.

After tax for the year of £8.16m (£5.91m), net profits came through lower at £7.6m against £5.07m. Earnings per share are shown down from 12.52p to 11.8p. The net final dividend of 2.15623p lifts the total payment from 2.95049p to 3.29239p.

Pre-tax profits includes investment income less interest of £19,000 (£297,000).

A breakdown of sales, excluding VAT, and profits (in 000s) shows: UK £105,722 (£88,692) and £15,738 (£13,093), Europe £15,296 (£10,714) and £1,622 (£1,089), and U.S. £9,638 (£5,657) and £1,233 (£291 loss). Figures for UK are for 52 weeks (53), Europe 53 (52), and U.S. 53 weeks (50).

Exports rose from £10.96m to £12.1m, of which £3.43m (£7.02m) was despatched to group overseas companies.

The directors explain that SSAP has been adopted and comparisons adjusted by £1.52m in line with this policy. The amount written back to reserves totalled £7.39m in respect of prior years.

At the year-end, there were 177 (171) stores trading in the UK, 18 (17) in Europe, and 154 (158) in the U.S.

During the year, new stores were opened in Aldershot, Clyde, Birmingham, Kettering, Oxford, Circus, Tunbridge Wells, and Rotterdam. In the U.S. 21 new Mothercare stores opened and

five Mother-to-be shops were closed as planned.

comment

Mothercare's pre-tax profits are 14 per cent higher. The vast bulk of the earnings still come from the UK and here Mothercare turned in another impressive performance with profits some 20 per cent up on the back of an 11 per cent growth in sales volume. European profits, helped by favourable exchange rate movements, also motored ahead strongly. However, the U.S. operation is running up heavy losses and Mothercare does not expect to be making money there until 1981-82. The July 1978 acquisition of the Mother To Be stores (110 in all) has not lived up to expectations and the situation has been made worse by expensive buying mistakes. The performance of Mothercare's own U.S. stores has also been remarkably patchy and the group is reviewing its new openings programme in addition to the U.S. mail order business has been dismal and Mothercare's ambitious plans for national advertising have been abandoned. The group is not hiding its U.S. problems and given its strong management they should not prove a millstone for long. At 176p the shares sell at 15 times fully taxed earnings.

Booth Intl. declines to £0.64m

DESPITE A slight second half increase from £417,000 to £437,000, Booth International (Holdings), hide and skin merchant and tanner, finished 1978 with taxable profits down from £1.05m to £888,000. Net £1.16m was achieved in 1978.

Turnover for the period was unchanged at £82.4m.

The directors state that January and February of the current year were adversely affected by national transport problems but March and April have shown improvement.

They add, however, that the company has yet to feel the full effects of the further increase in rawstock prices, making it banking industry in one whose profitability is inescapably linked to the vagaries of interest rates: we deal in a commodity whose price we cannot determine. While, in the medium term, I do not think that a dramatic change in the levels of interest which we are geared to at all likely, there is undoubtedly a problem here for our industry. That problem, you may be sure, is one to which the Board of Management are fully alive and the containment of operating costs is a subject which engages a great deal of our time and thought.

I turn now from that domestic theme to one of wider significance — the outcome of the General Election held last Thursday. Traditionally, as Governor of the Bank, I refrain from taking a strong political line in any pronouncements or statements which I make. It would not be in the Bank's interest to do so because I am aware that we number amongst our customers people of all political persuasions. No doubt among our Proprietors too, all shades of opinion are represented.

It was for that reason that neither in the run-up to the Devolution Referendum nor in the run-up — or perhaps "walk-up" — would be more apt — to the General Election did I express any opinions.

Now that the dust has settled, a brief comment from me may, I hope, be allowed. Speaking as the Governor of a private enterprise which throughout its long history has prospered from serving other private enterprises, I can only view the result with a sense of relief and with renewed hope for the future. The electorate, it seems to me, has turned back the onward march of State ownership and State interference and has expressed its preference for a mixed economy in which the private sector has a major part to play. That sector will work with any government which shows a realisation of its problems and, more important, a genuine sympathy for its aims. It is my belief that the new administration under Mrs. Thatcher will do its utmost to spare industry and commerce

Pre-tax figure for 1978 included a £103,000 turnaround in associates contribution to £39,000 profits, and an £88,000 provision no longer required on investment in, and amounts due from, associates.

Tax for the period is down from £447,000 to £317,000 giving earnings of 10.51p per 25p share against a previous 15.14p.

The dividend is stepped up to 4.69p (4.3823p) net with a 3.1823p final payment.

comment

Booth International has struggled back in the second half, reducing its interim profits down from 68 per cent to a less staggering 39 per cent for the full year. But margins are still tightly squeezed and have halved to 1.97 per cent, with the group labouring under cheap imports and rawstock prices which almost doubled last year. Booth warns that the full effect of higher prices have not been felt yet. Presumably this will make its impact in 1979 which together with the transport strike in January and February looks like making the current year another difficult one. Overall a stronger pound would bring some relief in the way of lower raw material costs but it may also place its overseas operations at a disadvantage. Prospects lie with a recovery in the tannery industry which will depend on several factors, one of which is the extent East European countries will continue to buy hides. The shares closed at 64p on a stated p/e of 5.5 and yield of 11.5 per cent.

Reckitt & Colman expands pharmaceutical division

LAST YEAR Reckitt and Colman saw rapid growth in the pharmaceutical division and the group plans a continued expansion of resources in this area. This will be done through investment in research and development facilities together with an enlargement of production capacity.

During 1978 the group activated an international network of representation, which will permit the expansion of its developing prescription products. Two new products — Temgesic and Plenasac — have been launched and letters of intent have been signed to permit the marketing of these in Germany and in Latin America. A similar arrangement is also proceeding in Japan.

Combined with the group's existing prescription pharmaceutical marketing resources around the world and the joint company which is already operating in the U.S. the directors feel

that these additional arrangements will provide coverage of the major world markets for pharmaceutical products.

The pharmaceutical division has continued to expand its new production facilities at Hull with the opening of areas for the preparation of dry pharmaceutical products. The initial stage had concentrated on the liquid preparation of the production of liquid preparations and this has now been extended to cope with demand for existing and new products.

In 1978 group profit, before tax, improved from £57.9m to £61.3m. With the exception of North America and of exports from the UK businesses around the world turned in very good sales and profit figures in local currency terms.

A current cost statement shows a profit of £47m (£43m) after additional depreciation of £8m (£7m) cost of sales adjust-

ment £9m (£11m), less gearing £3m (same).

It is proposed to subdivide the existing 50p shares into shares of 25p each.

Meeting, Connaught Rooms, WC, May 31 at 11 am.

Cedar Inv.

After management expenses and interest, pre-tax revenue of Cedar Investment Trust came out higher at £704,824 for the half year ended March 31, 1979 against a previous £594,850. Revenue for the whole of the 1977-78 year was a record £1,432m.

Tax for the period took £339,274 (£205,907) leaving a net balance of £465,550 (£588,943). Total net assets were £35,47m (£38,39m at September 30 1978) giving the value per share of 101.3p (86p) allowing for full conversion.



BANK OF SCOTLAND Annual General Meeting

The 233rd Annual General Meeting of the Proprietors of the BANK OF SCOTLAND was held yesterday in the Head Office of the Bank in Edinburgh. The Right Hon. Lord Clydesdale, Governor of the Bank, presided.

The Governor referred to the statement, which was issued to the Proprietors along with the Report and Accounts, and added:

"Although the outcome of the General Election is the topic foremost in people's minds, I would prefer before saying anything about that to follow up the comment in my Statement that mounting expenses had gone a long way towards offsetting the revenue benefit of more favourable interest rates and higher sterling resources. The bulk of that increase is attributable to salary and related pension costs, which have been pushed up by inflation.

Banking is a labour-intensive industry and it is therefore, particularly exposed to the effects of inflation while at the same time none too well placed in today's highly competitive conditions to charge realistically for all the services which it renders.

In recruiting staff in the Bank of Scotland Group we have to enlist people capable of acquiring essential skills. We cannot complete unless we attract entrants of the right quality and the nowadays means offering considerably higher starting salaries.

That our Group profits were sufficiently enhanced to accommodate the increase in costs last year was in no small measure the result of the rise of 2.6% in Average Base Rate referred to in my Statement. But banking industry is one whose profitability is inescapably linked to the vagaries of interest rates: we deal in a commodity whose price we cannot determine. While, in the medium term, I do not think that a dramatic change in the levels of interest which we are geared to at all likely, there is undoubtedly a problem here for our industry. That problem, you may be sure, is one to which the Board of Management are fully alive and the containment of operating costs is a subject which engages a great deal of our time and thought.

I turn now from that domestic theme to one of wider significance — the outcome of the General Election held last Thursday. Traditionally, as Governor of the Bank, I refrain from taking a strong political line in any pronouncements or statements which I make. It would not be in the Bank's interest to do so because I am aware that we number amongst our customers people of all political persuasions. No doubt among our Proprietors too, all shades of opinion are represented.

It was for that reason that neither in the run-up to the Devolution Referendum nor in the run-up — or perhaps "walk-up" — would be more apt — to the General Election did I express any opinions.

Now that the dust has settled, a brief comment from me may, I hope, be allowed. Speaking as the Governor of a private enterprise which throughout its long history has prospered from serving other private enterprises, I can only view the result with a sense of relief and with renewed hope for the future. The electorate, it seems to me, has turned back the onward march of State ownership and State interference and has expressed its preference for a mixed economy in which the private sector has a major part to play. That sector will work with any government which shows a realisation of its problems and, more important, a genuine sympathy for its aims. It is my belief that the new administration under Mrs. Thatcher will do its utmost to spare industry and commerce

the frustrations, the restraints, the prohibitions and the uncertainties which have thwarted initiative and drive in the last few discouraging years so that the private sector will get back to doing what it does more efficiently than any other system — creating the wealth of the nation. The next few years will not be easy. I have already referred to the effects of inflation upon banking but they are, of course, more widespread and are among the greatest evils of our time. A change of government will not eradicate that overnight and the new administration will have to display great economic and political skill in its handling of this problem.

More, perhaps, than any other factor, inflation has been the cause of the ugliness that has for so long marred industrial relations in Britain and has cost the country massive amounts of lost production. These are losses from which the whole nation has suffered and they are irremediable. The poor prospects for the world economy in the next twelve months do not suggest to me that the country can any longer follow that path of folly. The biggest task confronting the new government is not, however, an economic one so much as a psychological one — it must win the battle for people's minds and counteract the divisive influences of the past."

Mr. T. N. Risk proposed the adoption of the Audited Accounts for the year ended 28th February, 1979 and the Directors report.

The motion was carried.

DIVIDEND

The Governor moved that a Final Dividend on the Capital Stock of the Bank be declared at the rate of £0.83p per £1 of Stock and that it be paid on 21st May, 1979 to Proprietors on the Register at close of business on 27th April, 1979. The motion was carried.

BOARD

Tributes were paid to the late Lord Allan of Kilmahew, who died on 5th April, 1979 and also to Mr. Charles F. J. Younger and Mr. Hilton S. Clarke both of whom had reached the age of retirement.

The Right Hon. Lord Clydesdale, K.T., C.B., M.B.E., T.D., L.L.D., D.Sc., The Right Hon. Lord Balfour of Burleigh, C.B., F.I.C.E. and Mr. T. N. Risk, B.L. were unanimously elected Governor and Deputy Governor for the current year. Mr. William Birbeck, Mr. J. G. S. Gammell and Sir William Lithgow, who retired by rotation, were re-elected as Directors.

A proposal that the remuneration of members of the Board should be increased to £3,000 per annum was duly carried.

AUDITORS

Messrs. Arthur Young McLelland and Moores & Company, Chartered Accountants, Edinburgh, and Messrs. Grahams, Rintoul & Company, Chartered Accountants, Glasgow, were re-appointed as Auditors.

VOTE OF THANKS

A vote of thanks to the Governor was proposed by Mr. J. S. Macfie, W.S., a Partner of Messrs. Todd, Murray & Jamieson, W.S.

John Menzies

GOOD ALL ROUND PERFORMANCE

SALIENT FIGURES

	1979 53 weeks £000	%
Turnover	197,674	+17
Profits		
Before tax	5,937	+25
After tax	5,038	+85
Transfer to Reserve	3,656	+58
Pence per Ordinary Share	p	
Proposed Final Dividend	2.120	+79
Proposed Total Dividend	3.395	+44
Earnings	34.77	+77
Assets	160.4	+39
Revaluation Surplus	£4.6 M	

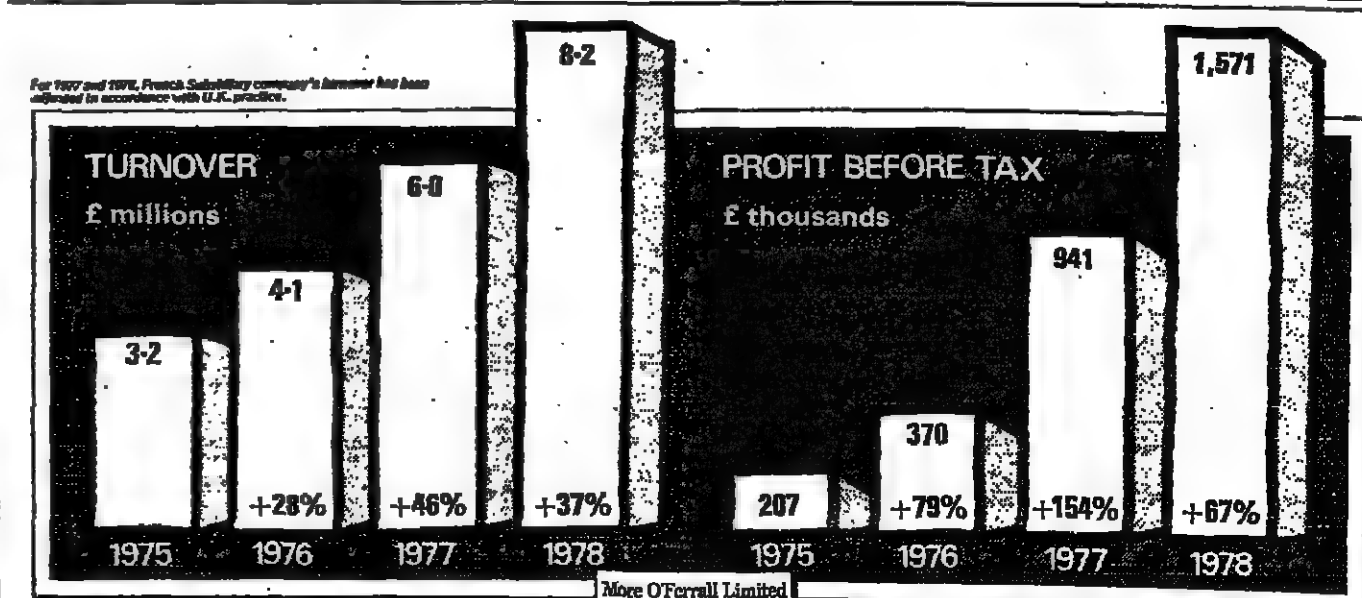
Over the last 10 years earnings per ordinary share have increased at an average annual compound rate of 34% and assets per ordinary share at 25%.

Shareholders will be welcome at the Annual General Meeting to be held at 20 Hanover Street, Edinburgh on Wednesday 30th May at 12.15 p.m.

John Menzies

A copy of the accounts can be obtained from the Secretary.

John Menzies (Holdings) Limited, Hanover Buildings, Rose Street, Edinburgh EH2 2YQ



MORE O'FERRALL SURGE CONTINUES

Profit for the year before tax was £1,571,000 (1977 — £941,000), an increase of 67% on a turnover of £8,234,000 (1977 — £5,992,000) on the adjusted basis.

DIVIDEND

A proposed final dividend of 3p per share, making a total dividend for the year of 4p per share on the increased capital has been approved by H.M. Treasury (1977 — 3.4320p per share, including supplementary dividend).

SCRIP ISSUE

It is the Board's intention to propose a Scrip Issue of one for three Ordinary shares, subject to the

approval of the Ordinary shareholders.

OUTLOOK

The outlook for 1979 continues to be very encouraging and the Group looks forward to a further substantial improvement in results for the current year.

More O'Ferrall Limited

سكوا من الامم

signal a victory

member of NATO

But it called it

Holland

Yok. N.Y. and

control.

AS YOU SEE, RECKITT & COLMAN IS AN EVERYDAY COMPANY.



And therein lies its strength.

For in the 120 countries where it operates, Reckitt & Colman is involved in producing and marketing fundamental products.

The kind people use every day. Day after day.

We're there at mealtimes, with Robinson's baby foods for the little ones, and Colman's casseroles, mustards and relishes for the bigger ones.

We're there at snack times, too, with Gale's honey and peanut butter.

We're there when mum is making the house more beautiful, with products like Mr Sheen, Cleer-O-Pine and Windolene.

And we're there when she's making herself more beautiful, with Supersoft shampoos and Nulon hand creams.

When any of the family is feeling under the weather, we're on hand to help with Lem-sip, Codis or Disprin.

And all the while we're protecting the family's health with Dettol and Harpic.

Reckitt & Colman plays a part in some areas that will surprise you: feeding the family's imagination, for instance, with our Reeves, Dryad and Winsor & Newton leisure products.

Or keeping offices and factories clean and hygienic. Even providing the wine and champagne at parties and weddings!

Indeed, in any one week, a typical family might well use more than twenty different Reckitt & Colman brands, many of which will be leaders in their field.

Strength in depth.

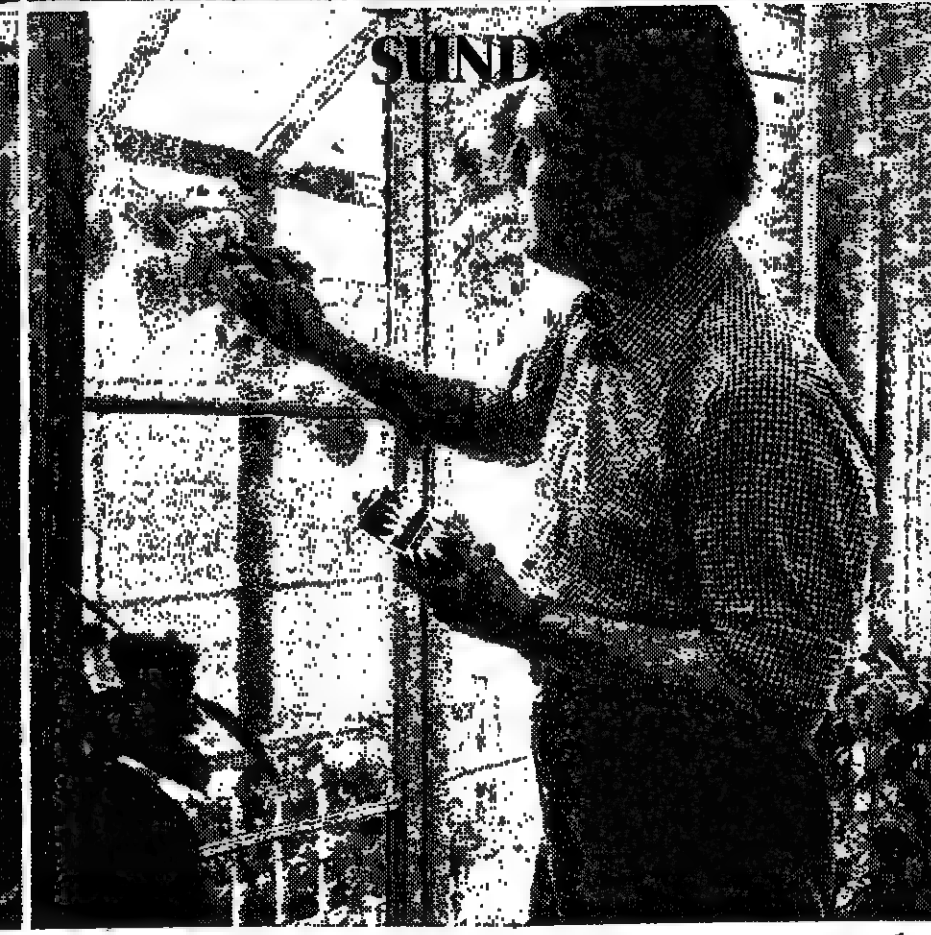
So far, we've mentioned less than one twentieth of our brands.

It's this broad product base combined with our world-wide business spread that gives Reckitt & Colman its strength in depth.

It's the kind of strength that prevents a setback in one particular field from seriously upsetting the whole—something which cannot be said for companies confined to narrower product or geographical areas.

Indeed, 1978 provided a classic example of this. The company endured several major setbacks.

The falling dollar rate meant lower export revenue for the same volume of output, and profits remitted from North America and some other countries translated into fewer pounds.



And in the USA, a glut of potatoes meant that we had to sell our processed potato products at very low prices.

But, despite all this, group turnover was up by about 9% to £607 million and profit before tax advanced 6% to £61 million.

New developments.

As to the future, Reckitt & Colman looks set to build from its broad base of strength.

In particular, two new developments in the pharmaceutical field are worthy of mention. These are Temgesic, a powerful new analgesic, and Flenac, an anti-arthritis compound with considerable international sales potential.

So, as you see, when it comes to strength, stability and new product development, Reckitt & Colman is no ordinary everyday company.

Reckitt & Colman

To: Reckitt & Colman, FREEPOST, London W4 2BR.
Please send me a copy of Reckitt & Colman's 1978 Annual Report.
(Postage is paid. Please do not stamp your envelope.)

Name _____

Address _____

Group Headquarters: 1-17 Burlington Lane,
London W4 2RW



ELBAR INDUSTRIAL LIMITED

Results and extracts from the Hon. A.L. Hood's statement issued with the Company's Report and Accounts for the year ended 31st December, 1978

	1978 £	1977 £
TURNOVER	50,095,521	45,013,619
OPERATING PROFIT BEFORE INTEREST	2,757,407	2,639,938
PROFIT BEFORE TAXATION	2,300,443	2,073,149
PROFIT AFTER TAXATION	2,098,492	2,062,020
DIVIDENDS (Maximum permitted)	328,573	195,943
EARNINGS PER SHARE	64.26p	84.19p
DIVIDENDS PER SHARE	10.00p	8.00p

Note: The Group's accounting policy in respect of deferred taxation has been changed, with effect from 1st January, 1978, in order to comply with Statement of Standard Accounting Practice No. 15. Taxation is therefore provided only to the extent that it is likely to be payable within the foreseeable future. The comparative figures for 1977 have been restated on the same basis.

In 1978 the Elbar Group made no new acquisitions so that the composition of the Group at the end of 1978 was the same as at the end of 1977. The growth in turnover from £45 million to £50 million is certainly satisfactory.

The first half of the year was active and profitable for the Car Divisions and the Industrial Engines Division was also buoyant. The Agricultural Divisions had a more difficult time.

The second half year was affected by the Ford Motor Company strike. Turnover necessarily fell severely affecting the results for the last quarter of 1978.

The Elbar Engineering Company at Elgin had a highly successful year and the Group's remaining operations, not affected by the Ford strike, performed well.

Overall, 1978 has been by no means an easy year and the achievements of even moderately increased trading profits, rising from £2.6 million to £2.7 million is of great credit to all concerned.

The Financial Statements reflect adoption by the Group of Accounting Standard No. 15. Tax liabilities are now included to the extent only that they are likely to be paid within the foreseeable future. As a result, the provision for tax in the current year is reduced to 4.6% of profits before tax compared with 52.4% if full provision for Deferred Taxation had been made. £2.8 million has been transferred from Deferred Taxation to Reserves, strengthening materially the equity base upon which all the Group's trading activities are founded.

1979 has had a difficult start. The problems caused by the Ford strike had not been fully overcome by the end of March and were compounded by the heavy transport drivers' strike. January, February and March brought the worst weather conditions for many years with consequential slow trading in all areas. The Group requires to borrow substantial amounts to finance its business and interest rates are high. These circumstances must necessarily affect the Group's trading for the first half year. It is not possible to make any well based forecast, but we shall all strive to achieve results for 1979 comparable with those of 1978.

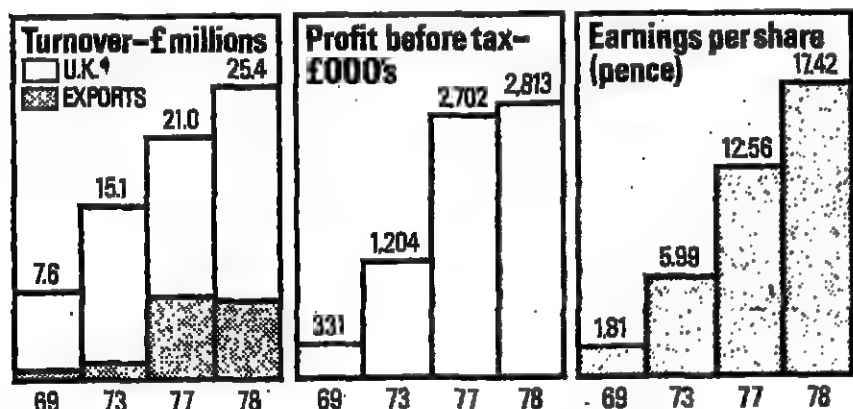
The Company's Annual General Meeting will be held in the Council Chamber of the Chartered Insurance Institute, 20, Aldermanbury, London EC2V 7HX, at 12 noon on Wednesday, 30th May, 1979.

J.B. Holdings

The Johnston Group of Companies
Civil engineering, building and road surfacing contractors,
manufacturers of concrete and g.p. pipes, roadstones, road suction
cleaners and hydraulic equipment.

Ten years of increased profits

- * Earnings per ordinary share up 38%.
- * Dividend per ordinary share increased from 1.06p to 1.47p, with Treasury consent.
- * Group turnover up 21% to £25,401,000.
- * Group profit up £111,000 to £2,813,000.



Copies of the 1978 Report and Accounts may be obtained from the Registrar's Department, Midland Bank Limited, Courtwood House, Silver Street Head, Sheffield S1 3RD.

SKF

Notice of Annual General Meeting

Notice is hereby given that the annual general meeting of Aktiebolaget SKF will be held at SKF Kristinedal, Byfogdgatan 2, Göteborg, Sweden, at 3.30 p.m. on Monday 28 May 1979.

Agenda

Ordinary general meeting business will be transacted in accordance with Swedish law and articles of association.

Right to attend

For the right to participate in the meeting, shareholders must be recorded in the shareholders' register kept by the Securities Register Centre (VPC AB, Box 7444, S-103 91 Stockholm) by Friday 18 May, and must notify the Company, at the address below, before noon on Wednesday 23 May of their intention to attend. Shareholders with shareholding registered in banks or other authorized depositaries must temporarily re-register holdings in their own name by Friday 18 May to be able to participate in the annual general meeting.

Payment of dividends

The board will recommend that shareholders with holdings in the VPC AB register records on 30 May be entitled to receive dividends for 1978. If this date is accepted by the annual general meeting it is expected that the Securities Register Centre will send out notice of payment to recorded shareholders and listed depositaries on 7 June.

Proxy forms are available from
A/B SKF, S-415 50 Göteborg, Sweden. Tel: (31) 37 10 00

Companies and Markets

UK COMPANY NEWS

Hepworth's profits rise by 36% at halfway

A 36 per cent jump in taxable profits is reported by J. Hepworth and Son, the multiple tailor. The surplus in the half year to February 28 this year rose from £2.76m to £3.75m on turnover ahead 22 per cent from £30.97m to £36.68m.

The directors say the rate of turnover increase has continued. They add that the reason for the increase is "shop in shop" expansion and the impact of increased selling area.

The interim dividend is raised from 0.72p net per 10p share to 0.79p. Last year's total was 2.54p.

After tax of £1.55m, against £1.58m, and minorities this time of £10,000, the surplus is ahead £1m to £1.19m.

Pre-tax profits for the whole of last year were £5.23m (£3.56m) on sales 23 per cent up at £42.6m. The directors said in their year-end report they were confident about the current year.

comment

In common with other menswear retailers, Hepworth has benefited from the increase in retail spending and first half profits show a rise of more than a third. The results—which pleased the market, sending the shares 4p higher at 98p after 100p—reflect a volume gain just short of a tenth excluding new openings. Part of the explanation is the policy of relocating shops away from arcades to premises with a High Street frontage giving more exposure and increased selling space needed for newly introduced merchandise; the company is about halfway through this programme of re-

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available to whether dividends or interest or funds and the sub-divisions shown below are based mainly on last year's timetable.

Company	Date
Interline—Aldgate and Southern, London and Provincial Ship Centres, Westward Television.	May 10
Franklin's—Hagburn, British-Bonnie Petroleum Syndicate, Burt Pulp and Paper, Derwent Stamping, Dunlop, Eastern Investment Trust, Essex Agricultural Industries, Matthew Hall, P. C. Henderson, UK Industrial Investments, Loring Properties, London and Northern, Mullins-Danby, J. Sainsbury, Sears Holdings, Transatlantic General Investments, United Engineering Industries, Winchmore Investments Trust.	May 11
Future Dates	
Australia and New Zealand	May 21
Banking	May 22
Caplan Profile	May 23
GR (Holdings)	May 24
Harmer Securities	May 25
Morgan Crucible	May 26
Peak Investments	May 27
Whitby Investments	May 28
Finch	May 29
Alfred Cook Banks	May 30
Allied London	May 31
City of Oxford Inv. Trust	May 31
Fashion and General Inv.	May 31
Harmer Securities	May 31
Haulmore	May 31
Hinton (Aston)	May 31
Monte Investment Trust	May 31
Newman Industries	May 31
Northbrook Investments	May 31
Polymark International	May 31
Scottish Western Inv. Trust	May 31
Whitby Investments	May 31
Winn Investment	May 31

eating about 120 shops. Meanwhile the improved cash flow has eliminated borrowings, giving increased flexibility for possible acquisitions. The second half is usually less important than the

first, but at the current rate of growth up to £7m is possible, against £5.2m. At that level the shares are on a p/e of just under 10 taking a line through the interim tax charge while the prospective yield is 4.3 per cent.

£42,683 loss for S. Sherman

AFTER A £51,930 extraordinary credit, there was a pre-tax loss of £42,683 in 1978 at Samuel Sherman, manufacturer of ladies' dresses. In the 15 months to end-1977, the loss totalled £244,387. Sales stood at £1.3m (£1.76m). After a tax credit of £1,170 (£4,083), losses per 10p share are shown at 2.34p (5.88p). There is again no dividend, the loss being 0.63p per share for 1978.

The extraordinary credit arises from £31,540 profit on sale of freehold, and £38,610 compensation, redundancy and severance pay on closure of part of business.

The directors say reorganisation continued in the second half and has now been completed. The poor trading results, as in the first half, reflect lower turnover and reduced margins, and were affected by the reorganisation and by production difficulties.

Action taken during the year has improved and stabilised the financial position, and trading has also improved.

More O'Ferrall jumps to £1.6m

FOLLOWING A rise from £407,000 to £710,000 at midway, taxable profits of More O'Ferrall finished 1978 at a record £1.57m against a previous year of £1.15m. Turnover for the year was well up at £8.23m compared with up at £5.99m.

The directors state that the current year continues to be encouraging and they look forward to a further substantial improvement in results.

At the interim stage directors were satisfied that pre-tax profits for the full year would show a substantial increase.

After the year's tax charge of £884,000 (£902,000) earnings are shown as 15.22p (9.46p) per 10p share. The dividend is effectively raised to 4p (3.05p26p). Treasury permission having been granted with a final of 3p net. Also proposed is a one-for-three scrip issue.

The company is involved in outdoor advertising and ancillary services.

comment

Continued success with its "network" and "superstore" marketing programmes plus a general increase in overall advertising expenditure—particularly that portion spent on outside promotions—are the main factors in More O'Ferrall's strong 1978 figures. Rates rose by roughly 12 per cent and there was a contribution from new sites acquired during the year. But

volume growth of around 15 per cent played a substantial part in the 37 per cent turnover increase. The profit surge contains a small element of recovery lingering from the relatively poor performance in 1975 and 1976, but the main propulsion came from higher utilisation of available sites. The performance is a little better than some competitors and compares extremely favourably with other media. The shares at 145p have a stated p/e of 9.2 and a yield of 4.3 per cent.

First half shortfall seen by BA

Profit for the first half of 1979 was expected to fall some 10 per cent on the £12.63m last year, Sir Brian Kell, the chairman, said at the AGM.

Strikes had adversely affected results for January and February, he explained.

He stated that world demand for aluminium ingot was strong and that international prices had risen sharply since the beginning of 1979. But this had not been reflected in the UK market for semi-fabricated aluminium on which the group depended for the major part of its revenue.

Averys just ahead and lifts payment

WITH A £90,000 slip in second half taxable profit, Averys, weighing machine maker, finished 1978 marginally ahead from £15.4m to £15.63m. However, following the bid approach by General Electric Company of the UK in November, Treasury consent has been given for a near 3p increase in net dividend.

At half-time, when profit was up from £8.35m to £8.72m, the directors said that sales were at record levels largely because of inflation. Industrial action at the main weighing machine factory at Smetwick had adversely affected performance but a better second six months was anticipated.

Sales for the year were ahead £0.77m at £106.4m. Tax with the deferred element treated in line with accounting standard No. 15, took £3.36m (£4.49m) leaving net profit higher at £12.27m (£8.91m) for earnings per 25p share at 33.7p (33.4p).

A net final dividend of 6.89p13p lifts the total to 8.94p39p (5.86p39p).

The figures are stated after reclassification of Avery Nigeria as an associate following a reduction of the group's interest in this company to 40 per cent in accordance with the Nigerian Enterprises Promotion Decree.

The directors point out that leasing played an important part in the rise in after-tax earnings. In addition to the change in

treatment of tax under SSAP 15 which reduced the charge by £0.4m, a further £2m (£1.7m) tax cut was achieved by undertaking third party leases and some leases of group products. The company intends to continue leasing products in future, they say.

comment

Shares in Averys dropped 14p to 240p yesterday after a pedestrian pre-tax profit performance. But, with at most three months before the Monopolies Commission pronounces on the mooted offer from GEC, the group has displayed a great deal more vitality below the line. The leasing company, established at the end of 1977, and to a lesser extent the adoption of SSAP 15, have helped to lift attributable profits by 40 per cent while the state of the 7.1 and the yield, after the above-mentioned dividend increase, is 5.7 per cent. Given that the shares have traditionally traded on a double digit earnings multiple, that may be enough to build the foundations of a useful bid defence but Averys also needs to flex its muscles as a company. Turnover would have been some £8m higher had it not been for an equity reduction in Nigeria, adverse sterling parities and strikes last summer. Nigerian profits were not materially changed but, now that production has been raised, the group expects to pull back some £500,000 lost through the strikes. An average £350,000 shortfall in New Zealand and South Africa may be more difficult to recoup but the overall order book was about 25 per cent higher at the year end and Averys may yet have more shots in its locker.

Henry Boot looking for significant improvement

A SIGNIFICANT improvement in the fortunes of Henry Boot and Son is expected during 1979 by Mr. E. H. Boot, the chairman. This will result from the managerial and organisational changes made, coupled with the group's solid asset base, he says in his annual statement.

Members are told that the action taken has had an additional restraining effect, but Mr. Boot is satisfied that in 1979 the company started with a sound base leading to modest growth and with an acceptable level of profitability.

As reported May 4, the company slumped to a £3.7m loss for 1978, against a £2.01m profit previously. No final dividend is recommended leaving the 2.5p net intervi compare with that 1977 total of 9.15p39p. The

main causes of the setback were primarily in respect of local authority housing contracts.

A divisional breakdown of turnover of £77.90m (£70.97m) and profit shows (£200,000) construction £50,485 (£37,514) and £4,694 loss (£511 profit); engineering £3,732 (£2,952) and £62 (£110); foundry £1,681 (£1,076) and £105 (£59); joinery £3,340 (£5,955) and £28 (£19); plant £1,306 (£1,000) and (£59); property, development and leisure £943 (£1,131) and £366 (£561); agricultural equipment £910 (£534) and £365 loss (£79 loss); finance £496 (£569) and £439 (£696) parent company £24 (£242) and £274 (£268).

At balance date, net short-term borrowing was up by £475,000, compared with a £225,000 decrease a year earlier.

Yearlings still at 11%

The coupon rate on this week's batch of local authority yearling bonds is maintained at 11 per cent. They are issued at par and due on May 8, 1979.

The issues are: Cambridgeshire County Council (£0.5m), Cheshire County Council (£0.5m), London Borough of Lewisham (£1m), Dudley Metropolitan Borough Council (£1m), Epping Forest District Council (£0.5m), East Staffordshire District Council (£0.5m), St. Edmundsbury District Council (£0.5m), Orkney Islands Council (£0.25m), London Borough of Bromley (£1m), Copeland Borough Council (£0.5m), London Borough of Ealing (£1.5m), Lichfield Regional Council (£0.5m), St. Helens Metropolitan Borough Council (£0.5m), West Somerset District Council (£0.25m), Wigtown District Council (£0.5m), Borough of Chesterfield (£0.5m), City of Glasgow District Council (£1m), Corporation of London (£1m), City of Aberdeen District Council (£1m) and Northampton Borough Council (£0.75m).

Warwickshire Borough Council (£0.25m). Oswestry Borough Council is raising £0.4m by way of 11 per cent bonds due on May 5, 1982, at par, with Eastbourne Borough Council raising £0.5m through the issue of 11 per cent bonds due on May 4, 1983, also at par. Lochaber District Council and London Borough of Islington is issuing £0.25m and £0.5m respectively 11 per cent negotiable bonds at par due on May 9, 1984.

BEATSON CLARK

Beatson, Clark, announces that in response to the offer of 1,418,107 new ordinary shares of 25p each at 195p per share on the basis of one for three, acceptances have been received in respect of 1,388,942 new shares (98.1 per cent).

The balance of 29,165 shares have been sold at a net price in excess of the subscription price and the net proceeds will be distributed to the persons entitled.

MADDOCK

The rights issue by Maddock has been accepted in respect of 7,350,827 ordinary shares (95.93 per cent) and the 1,205,543 unsubscribed ordinary shares have been sold.

Barlow companies merging

Four Malaysian rubber estate companies in the Barlow group have agreed the basis for a merger into a new holding company, while in a parallel operation, two investment companies are proposing a straight merger.

The estates are Bradwall (F.M.S.), Chersonese (F.M.S.), Muar River and Sungai Krian, all of which are already owned through direct holdings as well as through the interests of associated companies and common directors. The investment companies involved are Majedie Investments and Sekong Rubber.

The shares of the existing estate companies will be cancelled and transferred to the holding company on the following basis (with all shares having a 10p nominal value): 73 new shares for every 100 in Bradwall, 80 for every 100 in Chersonese, 88 for every 100 in Muar River and 140 for every 100 in Sungai Krian.

The elimination of the cross holding structure should assist shareholders in assessing the value of net assets, while the new group should provide a more suitable structure for giving effect to the New Economic Policy of the Malaysian government, the Barlow group says.

The board of the new company intends to initiate discussions with the Malaysian authorities with a view to agreeing the basis on which the government's New Economic Policy should apply to the estate in the country. This will involve participation by Malaysians in ownership and management, and it is anticipated that a new subsidiary will be incorporated to hold the estates, with shares being made available

to Malaysians in due course. Dividends already declared by Bradwall and Chersonese, and proposed by Muar River, will still be paid through the merger, to be effected through a Scheme of Arrangement, will give the new company all rights attached to the present shares.

Companies involved in the scheme, including their subsidiary shares already owned by Majedie and its subsidiaries, and joint subsidiary Advani, Majedie will offer 177 shares for every 100 in Sekong.

The Majedie board intends, in the absence of unforeseen circumstances, to recommend a dividend of at least 0.82137p for the year to September.

Sekong, Advani, directors and associated companies at present hold 89.3 per cent of Majedie, which is itself almost entirely held by Sekong, directors and associated companies.

It is expected that both schemes, if sanctioned, will become effective on or about July 20.

Brooke Bond Liebig: D. M. S. Baxter, director, has sold 50,000 shares.

Fabrilvest Estates: D. J. Cope, director, disposed of 30,000 shares on May 3, 1979.

This statement has been issued by S. G. Warburg & Co. Ltd. and Lazard Brothers & Co., Limited on behalf of Rockwell International Holdings Limited ("RIHL"). The Board of RIHL has taken all reasonable care to ensure that the facts stated and opinions expressed herein are fair and accurate and all the Directors jointly and severally accept responsibility accordingly.

First quarter increase at Philips

BY CHARLES BATCHELOR IN AMSTERDAM

PHILIPS, THE Dutch electrical group, has increased after-tax profit by 26 per cent to Fl 171m (\$83m) in the first quarter of 1979. Sales by volume rose 8 per cent, and the company confirms that this level of growth will be maintained for the year as a whole.

The Fl 35m increase in after-tax profit was largely due to rationalisation measures, Philips explains. This performance contrasts sharply with the first 1978 quarter when the result at the after-tax level was 26 per cent lower.

Changes in exchange rates meant cash sales rose by 5 per cent to Fl 7.55bn (\$3.68bn).

Sales increased at above the average rate in the sectors of lighting and batteries, domestic appliances and personal care products and professional products and systems. However, the industrial supplies sector was below the level achieved in the first 1978 quarter.

Turnover increased most strongly in Asia, in particular in the Middle East, while sales growth in Australia and New Zealand were also above the group average. In the U.S. and Canada sales rose at the average rate for the concern with the performance in Canada in particular being influenced by the lower exchange rates. Sales in

Europe rose 3 per cent.

Trading profit rose 20 per cent to Fl 503m with the improvement occurring in the EEC, Asia, Australia and New Zealand. It rose to 6.7 per cent of sales in the quarter from 5.8 per cent. This improvement came in all sectors with the exception of home electronics for sound and vision where the colour television market expanded more slowly.

Other margins improved with after-tax profit rising to 2.3 per cent of sales from 1.9 per cent in the corresponding quarter. Net profit increased to 5.9 per cent of shareholders' equity from 4.9 per cent. Net

profit rose to Fl 0.88 per share from Fl 0.68. On the basis of customary U.S. accounting principles.

Drinks group, NV Koninklijke Distilleerderijen Erven Lucas Bols, expects higher profit and turnover this year, although the company felt it was "too early" to be specific about the actual extent of the year's growth.

Bols' annual report said the company has problems with some subsidiaries mainly in Argentina and Brazil where complete recovery is being hampered by high inflation rates and reduced local purchasing power.

Neckermann losses trimmed

By Guy Hawtin in Frankfurt

NECKERMANN, the Frankfurt-based mail order and travel group, reports a heavy decrease in losses for 1978. But the management is still not prepared to forecast a return to break-even by the end of the current year.

The concern, acquired by Karstadt, Europe's largest department store group in late 1977, saw last year's losses decline from 1977's DM 125.1m to DM 44.6m (\$23.6m). This was thanks to massive restructuring and reorganisation a process which started after the Karstadt takeover and will be completed, say the management, on schedule this year.

In the reconstruction process, Neckermann has undergone some drastic surgery. The group's department stores—one of the major sources of losses—have either been transferred to Karstadt or closed down. The group now consists of a powerful mail order operation, a large travel company and a systems building operation.

Hiving off the stores has led to dramatic decline in group sales. In 1978 they fell by 27.7 per cent from 1977's DM 2,540m to DM 1,860m and are well below the DM 2,580m reported in 1976. However, the remaining arms of the group's operations last year showed respectable, if unspectacular, growth.

The mail order business saw sales increase by 8.2 per cent from DM 1,440m to DM 1,590m. Neckermann and Reisen (NUR), the group's travel business, reported a heavy increase in turnover. The first quarter of this year has seen a 13.2 per cent increase in bookings. Neckermann Eigenheim, the house building subsidiary, reported a 7.7 per cent increase in sales.

Sales appear to be set on an upwards path once again. During the first four months of 1979, mail order sales have risen 4.7 per cent, while the house building subsidiary, according to the management, has experienced a "very pronounced" increase in demand.

Zurzolo to head IRI

Paul Setts in Rome

THE NEW managing director of Italy's largest state holding company, Istituto per la Ricostruzione Industriale (IRI), is expected to be Sig Antonio Zurzolo.

Sig. Zurzolo is 56 and is currently managing director of another major state holding company, ENEL.

His nomination to the key IRI post is understood to have been made by Sig. Pietro Sette, the new IRI chairman who took over from Sig. Giuseppe Petrilli at the beginning of this year. Before his appointment to IRI, Sig. Sette was chairman of the state hydrocarbons agency, ENI.

Sig. Zurzolo is expected to take over from Sig. Alberto Boyer, the IRI managing director who resigned last March following a fierce public row with Sig. Sette.

Beijerinvest forecasts upturn

BY OUR STOCKHOLM CORRESPONDENT

BEIJERINVEST, the Swedish trading, investment and industrial group, expects pre-tax earnings to rise by about 40 per cent to SKr 80m (\$18m) for 1979. The Board has proposed increasing the dividend for 1978 by SKr 1 to SKr 6 per share, making the total payment SKr 23.6m.

Mr. Anders Wall, group managing director, reports that "the major reconstruction measures carried out during 1978 to eliminate losses make me believe that the heavy industrial operations can be made profitable within a year or so, which is entirely necessary for the survival of these companies."

The group's pre-tax result last year was SKr 57m (\$13m), against SKr 55m. Turnover rose from SKr 7.15bn in 1977 to SKr 7.42bn (\$1.69bn). A bright spot in 1978, according to the annual report, was the increase in SKr 98m or 27 per cent in the parent company's share portfolio to a year-end value of SKr 438m. Dividend income of the portfolio, dominated by investment companies and bank and insurance company shares,

Regional aid for Manufrance

BY DAVID WHITE IN PARIS

THE THREAT of liquidation for Manufrance, the troubled French manufacturing and retail group, receded yesterday with the drawing up of a local government loan package aimed at backing up a new shareholding structure.

The Saint-Etienne Town Council, Communist-controlled and principal shareholder of Manufrance, is putting up FFr 30m (nearly \$7m), and the Loire Department is guaranteeing a further FFr 10m.

Together with state loans and advances from the prospective shareholders, the company is expected to be re-launched with working capital of about FFr 80m.

The share capital of FFr 1m

is expected to be divided between an assurance group, Macif, with 30 per cent, departmental development authorities, with 30 per cent, an unnamed Swiss Company, also with 30 per cent, and a publishing group, Editions Dargaud, with 10 per cent.

The new plan is believed to involve the loss of 700 to 800 jobs at the group, which employs 2,600 in various divisions at Saint-Etienne — bicycles, hunting weapons, sewing machines, mail order, retail and a sporting magazine.

Most of these job reductions, however, are to be carried out through early retirement and voluntary departures rather

than outright redundancies. M. Joseph Sanguedolce, Communist Mayor of Saint-Etienne, was quoted as saying that the latest scheme enabled the group "to get out of the tunnel at last."

Thomson-Brandt reports a rise of 10 per cent in first quarter net consolidated sales. The figure of FFr 5.75bn, compared to FFr 4.97bn.

Major electrical goods contributed FFr 2.88bn, up from FFr 2.55bn, and durable consumer goods FFr 1.42bn, against FFr 1.23bn. Electrical capital goods sales were FFr 51.6m, against FFr 40.4m, and the medical activities contributed a turnover of FFr 489.4m compared to FFr 338.3m.

Dutch engineer sees recovery

BY OUR AMSTERDAM CORRESPONDENT

HAVING reduced its operating losses from Fl 34m to Fl 9m last year, VMF-Stork, the troubled Dutch engineering group, is confident that 1979 will see the company continue on the road to recovery.

The company has set aside Fl 12.5m (\$6.1m) for political risks in the Middle East this year and will continue with its restructuring programme although the outlook "will be less severe" than in 1978, deputy chairman, Mr. A. Meijer, told a press conference yesterday. VMF bases its optimism on the increasing use of capacity during 1978 and an improvement in the order books in its most promising divisions. The company's paper, textile and food processing equipment

is more competitive on international markets.

The outlook for large scale engineering and assembly projects is less clear but VMF expects orders for the replacement of oil-fired power stations in Holland with larger coal-fired plants. The final Fl20m payment on a Fl 400m sugar factory order from Iran due later this month will affect the 1979 result. VMF has insured 90 per cent of the risk on this payment.

New products such as a joint development project with Coulter Systems of the U.S., of an improved method of offset printing also offer "good prospects."

Much of last year's improvement was due to the deconsolidation of its diesel engine

division, Stork Werkspoor Diesel (SWD) following the acquisition by the State of a large stake. This reduced the loss on non-consolidated companies to Fl 13m from an adjusted Fl 35m.

Although VMF and the Dutch Government have arranged sufficient credit lines to meet any likely further losses, both sides are looking for a strong foreign partner for SWD in the longer term. Both are convinced Holland cannot maintain an independent diesel engine capacity.

VMF Stork's net 1978 loss, excluding provisions, was Fl 46.8m compared with Fl 59.3m the year before. It proposes passing its dividend after last paying Fl4 per share in 1975. Production fell to Fl 1.88bn (\$820m).

Profits up and rights issue at Steyr-Daimler

By Paul Lendvai in Vienna

A SHARE increase in profits and a rights issue—the second in just over 12 months—are announced by Steyr-Daimler-Puch, the Austrian motor company.

Net profits have risen from Sch 92m to Sch 110.8m (\$7.94m) for 1978, an increase of 20 per cent. The proposed rights issue will raise Sch 340m (\$5.7m) via an offer to shareholders on a one-for-six basis at Sch 170 a share.

Steyr, which is controlled by Creditanstalt Bankverein, Austria's number one bank, reports a successful business year. Sales rose by 8 per cent to Sch 11.3bn with exports increasing by 50 per cent to Sch 7.4bn. A maintained dividend of 9 per cent is to be paid.

Stressing the joint ventures with Mercedes-Benz and BMW, the company said that the Mercedes-Steyr co-operation in manufacturing cross-country vehicles will mean an output of some 10,000 Opel annuum from the end of 1980. Prospects are excellent for a continued growth.

With BMW, Steyr will manufacture diesel motors. Order books at the end of 1978 was Sch 4.1bn in this sector and sales in the first four months of this year were developing satisfactorily.

The arms sector, primarily light tanks, armoured vehicles and rifles, accounts for over 20 per cent of the turnover.

UNITED INTERNATIONAL BOND FUND

NOTICE IS HEREBY GIVEN by United International Management (C.I.) Limited, Manager of the above Fund, that with effect from the date hereof:

1. all issues of shares in United International Bond Fund will be subject to a preliminary charge of one per cent whereas previously no charge was levied
2. the realisation charge will be reduced from 1% to 1/2%
3. the minimum number of shares as defined in the Trust Instrument shall be 100 shares, a reduction from the previous minimum holding of 250 shares.

A new Explanatory Memorandum has been issued and is available from the Manager on request. Previous editions dated either 22nd November, 1977 or 31st May, 1978 are withdrawn and copies held should be destroyed.

14 Mulcaster Street, St. Helier, Jersey, Channel Islands. Dated 9th May, 1979.

All of these Securities have been sold. This announcement appears as a matter of record only.

\$60,000,000
(Canadian)

Hudson's Bay Company

10 1/2% Debentures Due 1989

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BANQUE FRANCAISE DU COMMERCE EXTERIEUR BANQUE GENERALE DU LUXEMBOURG S.A.
BANQUE DE L'INDOCHINE ET DE SUEZ BANQUE INTERNATIONALE A LUXEMBOURG S.A.
BANQUE NATIONALE DE PARIS BANQUE DE NEUFLEZ, SCHLUMBERGER, MALLET
BANQUE DE PARIS ET DES PAYS-BAS BANQUE POPULAIRE SUISSE S.A. LUXEMBOURG
BANQUE ROTHCHILD BANQUE WORMS BARCLAYS BANK INTERNATIONAL BARING BROTHERS & CO.
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J. TONTOBEL & CO. S. G. WARBURG & CO. LTD. WARDLEY WESTDEUTSCHE LANDESBANK
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May 9, 1979

This advertisement complies with the requirements of the Council of The Stock Exchange.

Canadian Pacific Limited

(Incorporated under the laws of Canada)

U.S. \$50,000,000

9 3/4% Collateral Trust Bonds due 1989

Issue price 100% plus accrued interest from May 15, 1979

The following have agreed to subscribe or procure subscribers for the Bonds:

Orion Bank Limited

A. E. Ames & Co. Limited

Pierson, Helderling & Pierson N.V.

Salomon Brothers International

Swiss Bank Corporation (Overseas) Limited

The Bonds, issued at 100%, have been admitted to the Official List by the Council of The Stock Exchange subject only to the issue of the Bonds.

Interest is payable annually on May 15, the first payment being made on May 15, 1980.

Full particulars of the Bonds are available in the External Statistical Service and may be obtained during usual business hours up to and including May 23, 1979 from:

Orion Bank Limited
1 London Wall
London EC2Y 5JX
May 9, 1979

R. Nivison & Co.
25 Austin Friars
London EC2N 2JB

CLIVE INVESTMENTS LIMITED

1 Royal Exchange Ave., London EC3V 3LU. Tel: 01-263 1101.
Index Guide as at May 1, 1979 (Base 100 on 14.1.77)
Clive Fixed Interest Capital 155.61
Clive Fixed Interest Income 127.61

ALLEN HARVEY & ROSS INVESTMENT MANAGEMENT LTD.

45 Cornhill, London, EC3V 3PB. Tel: 01-263 6314.
Index Guide as at May 3, 1979
Capital Fixed Interest Portfolio 115.15
Income Fixed Interest Portfolio 105.15

Poor demand checks Custom Credit

BY JAMES FORTH IN SYDNEY

CUSTOM CREDIT Corporation, the wholly-owned finance offshoot of the National Bank of Australasia, lifted its profit 12.4 per cent, from A\$5.52m to A\$6.28m (US\$10.6m), in the six months to March 31. The directors said that strong competitive pressures and subdued demand for some types of finance held back the rate of growth.

Custom Credit's experience was similar to that reported last week by the industry leader, Australian Guarantee, a majority of which is owned by the Bank of New South Wales.

Revenue of Custom Credit rose almost 10 per cent, from A\$100.6m to A\$110.4m (US\$122m). The profit equaled 8.7 per cent of revenue, but profit on shareholders' funds dipped from 13.7 per cent to 13.1 per cent.

The directors said that the finance operations of the group produced A\$9.0m of the total profit, an increase of 17.3 per cent over the same period last year. Gross receivables totalled A\$1.31bn compared with A\$1.23bn at September 30 and A\$1.18bn at March, 1978. They

said that the annual rate of increase was "somewhat lower" in the second half, but still represented growth in real terms.

During the latter part of the second half there were signs of a strengthening in demand from selected segments of both the consumer and corporate sectors. Consumer finance, mortgage loans and wholesale finance for motor dealers accounted for 70.9 per cent of gross receivables and leasing for 19.9 per cent. Real estate bridging advances, joint venture

loans and development property accounted for 7.9 per cent.

The group was well placed to maintain growth in profit and receivables, the directors considered. The insurance subsidiary, National and General Insurance Company, earned A\$27,000 before extraordinary items of A\$237,000. Gross premium income dipped 9 per cent to A\$27.85m and the board said that rate cutting in the industry was not abating and was having a detrimental effect on the premium income and profit of the company and the industry.

Fishing halt slows Ovenstone

By Jim Jones in Johannesburg

OVENSTONE Investments, the diversified South African fishing and property group, suffered a fall in taxed profit to R2.61m (\$3.1m), in the year to February 28, from R4.22m in the previous year.

A major factor was the murder at sea last October of some of the group's trawlermen by Polisario Front members. This brought a temporary halt to fishing operations off the West African coast, with a resulting loss of group taxed profit estimated at R1.05m.

Pre-tax earnings for the year were R2.18m, against R4.68m. Turnover increased 3.7 per cent, to R40m (\$47.3m), from R38.5m. Ovenstone was also affected by lower pilchard quotas.

West coast trawling has resumed, but quotas are still in force off the coast of Namibia, and these will probably be maintained for some years—while over-fished pilchard areas re-establish themselves—with operations in this area contributing around 10 per cent of profits.

Elsewhere, Ovenstone's building construction operations continue to reflect a flat housing market.

On lower per share earnings of 9.23 cents, against 21.24 cents in 1978, dividends totalling 3 cents, against 6 cents, have been declared, covered 3.08 times, compared with 3.54 times.

Koor growth plan sees turnover doubled by 1985

BY L. DANIEL IN TEL AVIV

KOOR—The industrial holding company of the Israel Labour Federation—which controls over 100 industrial enterprises, plans to double its turnover, from an expected 12.2bn (just over \$1bn) this year to 16.4bn in 1985. At today's prices, exports are to increase at an even faster rate—from 1E320m to 1E750m, according to a long-term programme prepared by the concern's director-general, Mr. Naftali Blumenthal.

Decisions taken now on the expansion of existing enterprises and the establishment of new ones would determine the face of Israel's industry not only in the mid-1980s, but until the end of the decade, it was

stressed. A substantial inflow of capital was to be expected in the near future. This had to be used to acquire additional means of production rather than to finance imports of finished products, so as to build a solid base for the further growth of Israeli exports, Mr. Blumenthal added.

A case in point was provided by Koor's chemical branch, in which 1E2.5bn was being invested. While output is to be doubled by 1985 from the current annual rate of 1E4bn, the greater part of the additional production is intended for exports, which are slated to rise from 1E100m to 1E250m. Koor's chemical branch

covers a wide range of products, from pharmaceuticals to paints, pesticides and fire-retardants. Substantial growth is foreseen in the metal division, in which 1E2bn is to be invested, so as to raise turnover to 1E10bn, from 1E7bn.

This expansion covers, among other things, the production of pipes, profiles and steel, and precision products.

A further 1E2.5bn is to be invested in the concern's various electronic enterprises with a view to raising output from 1E5bn to 1E9bn, and exports from 1E100m to double that figure. Special emphasis will be placed on communications and on medical electronics.

Trek forecasts difficult year

By Our Johannesburg Correspondent

TREK INVESTMENTS, the South African petroleum products manufacturer and distributor which is owned as to 18 per cent by Shell, 24 per cent by General Mining, 31 per cent by Federale Volksbelegings and 7 per cent by Industrial Selections, has forecast difficult conditions in the current year.

In 1978, on a 3.7 per cent turnover increase to R155.2m (\$183m) from R151.1m in 1977, Trek reported an increase in pre-tax profit to R7.64m (\$9m), from R6.78m.

Swan Brewery scrip issue

BY OUR SYDNEY CORRESPONDENT

SWAN BREWERY Company, Western Australia's only brewer, plans a one-for-eight scrip issue. Profits have dipped by 4.6 per cent from A\$16.6m to A\$15.5m (US\$17.2m), in the year to March 31. The directors blamed the lower earnings on substantial costs in commissioning a new brewery at Canning Vale, Perth.

The brewery is now producing and the old City breweries are being phased out. The directors added that they considered the result satisfactory. The lower profit was after a sharp jump in Swan's interest bill, from

A\$117,000 to A\$1.1m.

Group turnover for the year rose almost 14 per cent, to A\$196m (US\$218m). It was expected that the current dividend rate of 9.5 cents a share would be maintained on capital increased by the scrip issue, the directors said.

In a separate move yesterday, Cadbury Schweppes Australia made a A\$2.4m takeover bid for the soft drink group, Passions Bottling Company (Perth), which is controlled by Swan.

The brewery bought 23.3 per cent of Passions late last year to

thwart a possible bid from another company, Beverage Holdings, which had built up a 21.7 per cent stake. The Perth Stock Exchange decided that Swan should stand in the market for 20 trading days and the brewer, which said it looked on Passions as an investment, ended up with 67.3 per cent of the capital. Cadbury Schweppes is bidding A\$2.00 a share which is well above the previous Passions market price of A\$1.15.

Swan picked up the bulk of its holding at around A\$1.40 a share.

“The Company has strengthened its position as one of Britain's leading life insurance companies and Britain's largest unit-linked company, with total premiums of £171 million, sums assured in force of approximately £2,700 million and total assets in April 1979 exceeding £750 million, including pension funds of over £200 million.”

Extract from the Chairman's Statement by Mr. John Clay, April 1979.

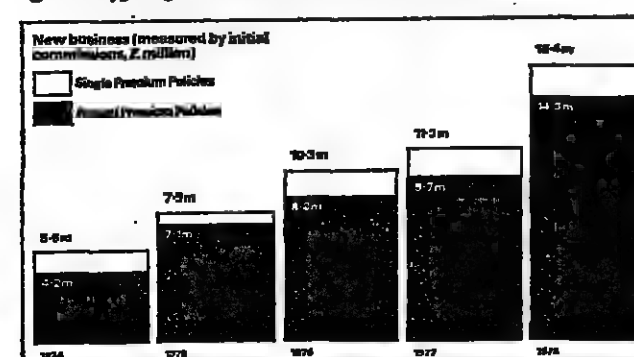
1978-ANOTHER OUTSTANDING YEAR FOR HAMBRO LIFE

“1978 was an outstanding year for the Company. While the life insurance industry as a whole experienced a substantial increase in new business during the year, Hambro Life's growth considerably exceeded the industry average.”

As the level of new business indicates, the Company's marketing team performed exceptionally well, with both the direct sales and broker departments achieving record production, and overall the increase in business was well spread across the main classes written by the Company. At the same time, the administration and support services continued to function smoothly, in spite of the substantial increase in business, and the investment management maintained its steady progress with creditable performances over the year in all the unit funds.

New Business

Total initial commissions on new business in 1978 amounted to £16.4 million, compared with the 1977 figure of £11.3 million, an increase of 45%.



New annual premiums increased by 41% to £36.1 million, compared with £25.6 million in 1977. The Company also experienced a large increase in single premiums which rose to £67.3 million, 40% up on the 1977 total of £48.2 million.

The Company's total premium income (new and renewal) received on annual premium policies crossed the £100 million mark—£104 million—compared with £77 million in 1977, and the total premium income of all kinds, including single premiums, was £171 million compared with £125 million in 1977.

Pattern of Business

The broadening of the Company's product range resulted in an increase in new sums assured from £730 million to £1,028 million, passing the £1,000 million mark for the first time. This increase came largely from the Company's Whole Life Plan, which is proving to be highly successful, and from term assurance life cover associated with individual pension schemes and retirement contracts for the self-employed.

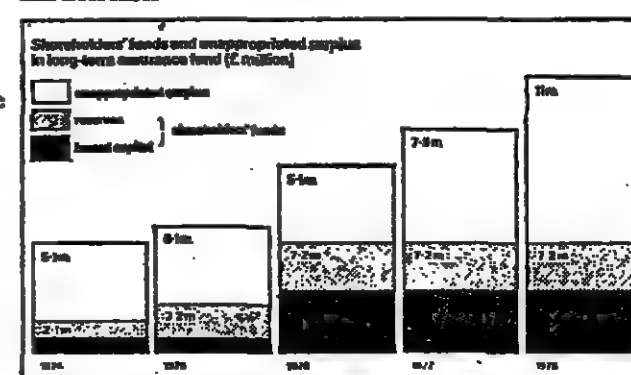
Our wholly-owned subsidiary, Hambro Provident Assurance Limited, continued to make good progress.

Financial, Dividends and Actuarial Surpluses

The actuarial valuation as at 31st December 1978 showed an increase in the Group's after-tax actuarial surplus in the long term assurance fund of £8,283,000 (1977, £6,306,000), an increase of 31%.

The directors recommend a final dividend of 17.8024p per share which, together with the interim dividend of 6p per share, brings the dividend for the year to 23.8024p per share, net of tax credit, an increase

of 17.7% over the dividend for the last year of 20.2122p per share and the Company has Treasury consent for this increase.



Share Scheme for Employees

It is the Company's experience that share participation schemes have proved to be extremely valuable in both motivating staff and retaining their services, and it is accordingly proposed to introduce a profit sharing scheme of the type permitted under the Finance Act.

Marketing Administration and Back-up Services

I would like to thank our Sales Associates and all other members of our marketing team, as well as the leading insurance brokers who have shown their confidence in the Company's products, for their contribution to an outstanding year. I would also like to thank the administration and support staff, both at Head Office and the Branches, for their very effective support.

Hambro Life
Britain's largest unit-linked insurance company.

Tyndall Gilt Fund Limited

Annual Report for financial year ending 14th February 1979

	1979	1978
Net Assets	£8,447,837	£6,230,265
Net Revenue	898,508	369,809
Gross Dividends	663,591	312,828
Retained Revenue	234,918	57,062
Dividend per share	12p	12p

Four dividends of 3p per distribution share were declared during the year with payments being made on 30th June 1978, 30th September 1978, 31st December 1978 and 31st March 1979.

Extract from the Managers Report

The year ended 14th February 1979, was not an easy one for the UK Gilt Market. This is evidenced by the fall over the period of 12.1% in the Financial Times 5-15 year Government Securities Index. Over the same period the distribution shares in the Company fell by 11.3% from 114.8p to 101.8 and the price of the accumulation shares fell by 1% from 140.4p to 139.0p.

Since the end of the financial year the price of the distribution shares has risen to 114.8p at 2nd May. The gross yield as at 2nd May was 10.45% per annum.

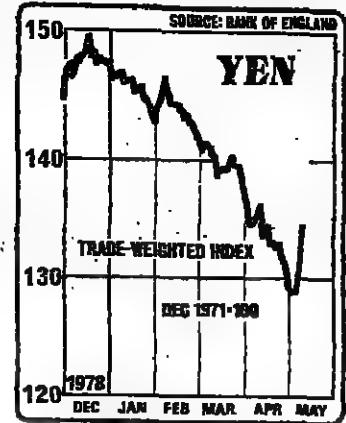
The Company provides for both residents and non-residents of the UK a professionally managed high yielding investment vehicle invested in British Government securities. As the Company is controlled from outside both Jersey and the UK, it receives interest on securities without deduction of tax.

Because many shareholders require a consistent level of income, the Company seeks to ensure that the income distributed per share is maintained at approximately the same quarterly rate. For a copy of the Report please write to:

Tyndall Managers (Jersey) Ltd
2 New Street, St. Helier, Jersey, Channel Islands.
Tel No. 0534-37331.

Sterling down

The dollar showed little change at the close in London yesterday from the closing rates in New York on Monday, but generally finished around its best level of the day, while sterling made a late recovery after a large selling order pushed the pound down earlier in the day. Sterling opened at \$2.0810-2.0820, and touched a high point of \$2.0835-2.0845, before falling sharply to \$2.0875-2.0885 by mid-morning, but recovering slightly to \$2.0700-2.0710 at noon. The pound level touched was \$2.0630-2.0640 in the afternoon, and the firm note, at \$2.0670-2.0680, a fall of 1.05 cent on its Friday close.



in London, and 1.35 cent from the Monday close in New York. The pound's value against the dollar, as calculated by the Bank of England, fell to 68.3 from 67.3, after opening at 67.2, and standing at 66.9 at noon. The dollar's trade-weighted index, on Bank of England figures, fell to 83.9 yesterday, from 84.4 on Friday, while its depreciation, according to Morgan Guaranty of New York, narrowed to 7.9 per cent, from 8.1 per cent on Monday. In terms of the Japanese yen,

the dollar finished at ¥215.10, slightly firmer than the previous New York closing level of ¥213.97, but sharply weaker than Friday's London close of ¥221.

The Irish punt showed mixed changes, falling to \$2.0040 from \$2.0055 against the dollar, but rising to 96.85p from 96.25p in terms of sterling. The Irish currency also improved to BFR 60.68 from BFR 60.65 against the Belgian franc, and to Dkr 10.6675 from Dkr 10.6610 against the Danish krone. But the punt declined to FF 8.7615 from FF 8.7670 in terms of the French franc to DM 3.7975 from DM 3.8015 against the D-mark, to Fl 4.1250 from Fl 4.1260 in terms of the Dutch guilder, and to L1.696 from L1.697.05 against the lira.

FRANKFURT—The Bundesbank did not intervene when the dollar was fixed at DM 1.8946 against the D-mark yesterday, compared with DM 1.8950 previously. Trading was within a very narrow range, with the U.S. currency opening at DM 1.8945, and trading between DM 1.8933 and DM 1.8950 before the fixing. Sterling fell to DM 3.9200, from DM 3.9470 on Monday, reflecting doubts about the Government's ability to cope with the unions, and expectations of higher wholesale prices and lower London interest rates.

MILAN—The dollar was firm against the lira, with EMS currencies little changed. The U.S. currency was fixed at L546.30, compared with L546.50 previously, while sterling declined to L1.748.40 from L1.763.10.

TOKYO—The dollar fell to ¥215.05 in hectic trading, from ¥218.50 on Monday. The dollar opened at ¥213.30 and eased to ¥212.00 in the morning, but recovered in the afternoon. The highest level touched was ¥215.40, and there was no intervention by the Bank of Japan.

THE POUND SPOT AND FORWARD

May 8	Day's spread	Close	One month	Three months	6 months
U.S.	2.0830-2.0845	2.0670-2.0680	0.32-0.32 1/2 pm	1.55 0.50-0.40 pm	0.96
Canada	2.3885-2.4070	2.3895-2.3915	0.25-0.15c pm	1.00 0.50-0.40 pm	0.48
Netherlands	2.26-2.26	2.26-2.26	2 1/4-1 1/4 pm	4.50 5 1/4-4 1/4 pm	1.31
Belgium	82.40-83.15	82.55-82.55	20-15c pm	2.80 5 1/4-4 1/4 pm	1.31
Denmark	10.97-11.06	11.00-11.01	4-2c pm	3.27 5 1/4-4 1/4 pm	1.63
Ireland	1.0310-1.0410	1.0315-1.0325	20-30p dis	2.80 75-75c dis	2.10
Portugal	3.50-3.51	3.50-3.51	2 1/4-1 1/4 pm	2.85 6 1/4-5 1/4 pm	1.31
Spain	101.10-102.20	101.35-101.65	50-100c dis	0.78 150-250 dis	7.38
Sweden	136.50-137.70	136.55-136.55	25c pm-25c dis	gar 30pm-70dis	0.59
Switzerland	1.740-1.753	1.748-1.750	1 1/4-1 1/4 lire dis	0.68 1-3 dis	0.46
Italy	10.67-10.72	10.68-10.70	3 1/4-1 1/4 pm	1.94 8 1/4-8 1/4 pm	2.80
France	9.02-9.11	9.04-9.05	3-3c pm	3.31 7 1/4-5 1/4 pm	1.30
Japan	9.08-9.18	9.08-9.09	2 1/4-1 1/4 pm	1.88 5 1/4-3 1/4 pm	1.57
Austria	4.60-4.60	4.60-4.61	2 1/4-1 1/4 pm	8.02 7 1/4-5 1/4 pm	6.58
Finland	28.90-29.10	28.90-28.95	20-100pm	5.22 50-40 pm	10.44
South Africa	3.52-3.57	3.54-3.55	3 1/4-2 1/4 pm	5.31 8 1/4-8 1/4 pm	10.44

THE DOLLAR SPOT AND FORWARD

May 8	Day's spread	Close	One month	Three months	6 months
U.S.	2.0830-2.0845	2.0670-2.0680	0.32-0.32 1/2 pm	1.55 0.50-0.40 pm	0.96
UK	2.0000-2.0055	2.0010-2.0035	0.75-0.70c pm	4.34 2 1/2-1 1/2 pm	3.53
Ireland	86.50-86.50	86.53-86.56	0.07-0.05c pm	0.82 0.80-0.05 pm	0.20
Netherlands	2.0500-2.0500	2.0500-2.0500	0.00-0.00c pm	3.57 1 1/4-1 1/4 pm	3.50
Belgium	30.22-30.30	30.28-30.30	8 1/4-7 1/4 pm	3.17 22-20 pm	2.71
Denmark	2.3155-2.3250	2.3225-2.3230	1.20-0.700pm	2.34 1.30-0.70 pm	0.77
Portugal	1.8255-1.8275	1.8260-1.8270	2.80-2.80c pm	2.80 2.80-2.80 pm	1.86
Spain	40.50-42.10	40.55-42.10	33-20c dis	0.78 150-250 dis	7.38
Sweden	65.50-68.15	65.55-68.15	8 1/4-8 1/4 dis	2.30 30-40 dis	2.12
Switzerland	94.50-94.60	94.55-94.60	0.50-0.75 lire dis	0.68 1-3 dis	0.46
Italy	5.1750-5.1783	5.1760-5.1775	0.80-0.400c pm	1.51 2.50-2.00 pm	1.74
France	4.3735-4.3780	4.3735-4.3760	0.83-0.73c pm	2.34 2.80-2.65 pm	2.48
Japan	121.80-121.80	121.80-121.80	1.23-1.13p pm	6.58 3.33-3.33 pm	6.10
Austria	13.80-13.86	13.83-13.84	8 1/4-8 1/4 pm	5.00 75-10 1/4 pm	5.45
Finland	1.7000-1.7180	1.7025-1.7130	1.75-1.35c pm	8.97 10-40 pm	10.44

CURRENCY RATES

May 7	Bank's rate	Special Drawing Rights	European Currency Unit
Sterling	13	Unfixed	0.640558
U.S.	37.583	1.33300	0.640558
Canada	11.14	1.4661	1.33082
Australia	3.4	17.7946	18.5747
Belgium	34	2.0500	2.0500
Denmark	8	6.79051	7.09290
D-Mark	4	2.41887	2.52764
France	9	2.63757	2.74478
Germany	10	5.55048	5.83055
Italy	10	1079.67	1128.05
Japan	10	278.13	286.685
Netherlands	7	5.55048	5.83055
Spain	8	84.841	88.0914
Sweden	6	5.55048	5.83055
Switzerland	1	2.15569	2.25543

OTHER MARKETS

May 8	2	3	4	Note Rates
Argentina Peso	1.6512-1.2532	1215.1235	Australia	27.281
Australia Dollar	1.8610-1.8650	0.9000-0.9030	Belgium	63.641
Brazil Cruzeiro	48.2749-47	33.35-33.35	Denmark	10.86-11.05
Canada Dollar	8.385-8.286	3.9975-4.0070	France	9.03-9.06
Greek Drachma	76.374-78.221	55.84-57.85	Germany	1.80-1.93
Hong Kong Dollar	10.415-10.455	5.0575-5.0775	Italy	1.745-1.760
Iran Rial	151.161	74.77	Japan	147.452
Kuwait Dinar	0.565-0.579	0.3780-0.3781	Netherlands	4.8282-4.9625
Luxembourg Franc	27.30-30	27.30-30	Portugal	20.87-20.87
Malaysia Ringgit	4.582-4.592	2.2150-2.2210	Spain	96-100
New Zealand Dir.	1.9670-1.9780	0.9515-0.9540	Sweden	137.10-158.75
Saudi Arab. Riyal	2.54-7.04	2.5805-3.8910	Switzerland	5.5225-5.5475
Singapore Dollar	4.450-4.550	2.1985-2.2035	United States	2.0700-2.0750
South African Rand	1.74-1.75	0.8415-0.8465	Yugoslavia	42.44

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

ECU	Currency	Amount	% change	% change	Divergence
Belgian Franc	36.4582	40.3271	+2.30	+1.64	-1.63
Denmark Krone	7.08582	7.08582	+0.00	-0.61	-1.63
German Mark	2.456	2.456	+0.00	-0.61	-1.63
French Franc	5.7931	5.82317	+0.43	-0.14	-1.25
Dutch Guilder	2.72077	2.74160	+0.77	+0.20	-1.5075
Irish Punt	0.62668	0.62668	+0.00	-0.25	-1.25
Italian Lira	1148.15	1127.79	-1.77	-1.77	-4.0725

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.40-10.50 per cent; three months 10.80-10.70 per cent; six months 10.90-11.00 per cent; one year 10.80-10.90 per cent.

May 8	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian \$	Japanese Yen
Short term	11-11 1/2	10 1/2-10 3/4	8 1/2-10 1/2	8 1/2-10 1/2	8 1/2-10 1/2	8 1/2-10 1/2	8 1/2-10 1/2	8 1/2-10 1/2	8 1/2-10 1/2	8 1/2-10 1/2
7 days notice	11-11 1/2	10 1/2-10 3/4	8 1/2-10 1/2	8 1/2-10 1/2	8 1/2-10 1/2	8 1/2-10 1/2	8 1/2-10 1/2	8 1/2-10 1/2	8 1/2-10 1/2	8 1/2-10 1/2
Month	11-11 1/2	10 1/2-10 3/4	8 1/2-10 1/2	8 1/2-10 1/2	8 1/2-10 1/2	8 1/2-10 1/2	8 1/2-10 1/2	8 1/2-10 1/2	8 1/2-10 1/2	8 1/2-10 1/2
Three months	11-11 1/2	10 1/2-10 3/4	8 1/2-10 1/2	8 1/2-10 1/2	8 1/2-10 1/2	8 1/2-10 1/2	8 1/2-10 1/2	8 1/2-10 1/2	8 1/2-10 1/2	8 1/2-10 1/2
Six months	11-11 1/2	10 1/2-10 3/4	8 1/2-10 1/2	8 1/2-10 1/2	8 1/2-10 1/2	8 1/2-10 1/2	8 1/2-10 1/2	8 1/2-10 1/2	8 1/2-10 1/2	8 1/2-10 1/2
One year	11-11 1/2	10 1/2-10 3/4	8 1/2-10 1/2	8 1/2-10 1/2	8 1/2-10 1/2	8 1/2-10 1/2	8 1/2-10 1/2	8 1/2-10 1/2	8 1/2-10 1/2	8 1/2-10 1/2

Long-term Eurodollar deposits: Two years 10 1/2-10 3/4 per cent; three years 10 1/2-10 3/4 per cent; four years 10 1/2-10 3/4 per cent; five years 8 1/2-10 1/2 per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

EXCHANGE CROSS RATES

May 8	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1	2.068	3.935	445.0	9.045	3.545	4.260	1750	2.291	52.50
U.S. Dollar	0.484	1	1.988	215.2	4.775	1.715	2.060	846.2	1.156	50.33
Deutsche Mark	0.255	0.507	1	112.4	2.304	0.283	1.058	445.7	0.609	15.95
Japanese Yen	2.247	4.546	8.320	1000	30.23	7.965	5.575	393.1	5.375	140.7
French Franc	1.106	2.285	4.339	492.0	10	5.519	4.710	1924	2.645	69.51
Swiss Franc	0.583	0.583	1.107	125.5	1	1.202	4.655	465.5	0.674	17.66
Dutch Guilder	0.235	0.485	0.921	104.5	0.192	0.232	1	410.7	0.561	14.69
Italian Lira	0.578	1.168	2.943	284.4	0.170	0.206	2.455	1000	1.367	35.78
Canada Dollar	0.415	0.685	1.642	156.1	2.763	1.485	1.792	751.7	1	26.18
Belgian Franc	1.597	3.305	6.270	710.9	14.45	5.663	5.905	2795	3.619	100

INTERNATIONAL MONEY MARKET

New York rates steady

U.S. interest rates showed little change yesterday with 13-week Treasury bills discounted at 9.62 per cent, only slightly changed from 9.65 per cent earlier. 26-week bills remained steady at 9.61 per cent with one year bills at 9.40 per cent. There appeared to be little initial reaction to Treasury Secretary Michael Blumenthal's announcement that the inflation rate for this year was likely to be 8 1/2 per cent or more.

Federal funds were trading at 10 1/2-10 3/4 per cent after the Federal Reserve had entered the market to drain liquidity by making two day reverse repurchases.

FRANKFURT—Call money was

quoted at 5.10-5.20 per cent. Little change from Monday, while the one-month rate rose slightly to 5.50-5.60 per cent from 5.45-5.50 per cent. Three-month money stood at 5.70-5.80 per cent against 5.75-5.80 per cent with six-month money at 6.00-6.20 per cent compared with 6.10-6.20 per cent previously. The 12-month rate was unchanged at 6.40-6.60 per cent.

BRUSSELS—Deposit rates for the Belgian franc (commercial) were quoted at 7 1/2-7 3/4 per cent for one-month and 8 1/2-8 3/4 per cent for three-month. Six-month deposits stood at 8 1/2-8 3/4 per cent with 12-month deposits also at 8 1/2-8 3/4 per cent.

PARIS—Money market rates were quoted at 6 1/2 per cent for call-money, 6 1/2-7 1/4 per cent for

UK MONEY MARKET

Extremely large assistance

Bank of England Minimum Lending Rate 12 per cent (since April 5, 1979)

Day to day credit was in short supply in the London money market yesterday, and the authorities gave assistance on an extremely large scale. In addition to buying a small amount of Treasury bills and corporation bills, all direct from the discount houses, they lent an extremely large amount to 7 or 8 houses at MLR for repayment today. Discount houses were paying 12

per cent for secured call loans for most of the day, although some funds became available later in the day down to 11 per cent.

By far the biggest factor against the market was the cost of a 1 per cent recall on special deposits. Banks brought forward balances a small way below target and there was a small increase in the note circulation. This was in addition to the repayment of Friday's small official market advances. On the other hand, there was a small net sum of Treasury bills maturing outside official bands, and Govern-

LONDON MONEY RATES

May 8 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Authority negotiable bonds	Finance House deposits	Discount market	Treasury Bills	Eligible Bank Bills	Fine Trade Bills
Overnight	—	5-12 1/4	12 1/2	—	—	12 1/2	11-12	—	—
2 days notice	—	—	—	—	—	—	—	—	—
7 days notice	—	12 1/2-12 3/4	12 1/2	—	—	12 1/2	12	—	—
One month	12 1/2-12 3/4	12 1/2-12 3/4	12 1/2	12 1/2-12 3/4	12 1/2	12 1/2	11 1/2-11 3/4	12 1/2	12 1/2
Two months	12 1/2-12 3/4	12 1/2-12 3/4	11 1/2-11 3/4	11 1/2-11 3/4	12 1/2	11 1/2	10 1/2-11 1/2	11 1/2-11 3/4	11 1/2
Three months	12 1/2-12 3/4	12 1/2-12 3/4	11 1/2-11 3/4	11 1/2-11 3/4	12 1/2	11 1/2	10 1/2-10 3/4	11 1/2-11 3/4	11 1/2
Six months	11 1/2-11 3/4	11 1/2-11 3/4	11 1/2-11 3/4	11 1/2-11 3/4	12 1/2	11 1/2	10 1/2-10 3/4	11 1/2-11 3/4	11 1/2
Nine months	11 1/2-11 3/4	11 1/2-11 3/4	11 1/2-11 3/4	11 1/2-11 3/4	12 1/2	11 1/2	10 1/2-10 3/4	11 1/2-11 3/4	11 1/2
One year	10 1/2-10 3/4	11 1/2-11 3/4	11 1/2-11 3/4	11 1/2-11 3/4	12 1/2	11 1/2	10 1/2-10 3/4	11 1/2-11 3/4	11 1/2
Two years	—	—	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice others seven days' fixed. "Long-term local authority mortgage rates" nominally 11 1/2 per cent; four years 11 1/2-11 3/4 per cent; five years 11 1/2-11 3/4 per cent; six years 11 1/2-11 3/4 per cent. Buying rates for prime paper. Buying rate for four-month bank bills 10 1/2-11 per cent; four-month trade bills 11 1/2 per cent. Approximate selling rate for one-month Treasury Bills 11 1/2-11 3/4 per cent; two-month 11 1/2-11 3/4 per cent; three-month 11 1/2-11 3/4 per cent; six-month 11 1/2-11 3/4 per cent; one-month trade bills 12 1/2 per cent; two-month 12 per cent; three-month 12 1/2 per cent; six-month 12 1/2 per cent. Finance Houses Base Rates (published by the Finance Houses Association) 12 per cent from May 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 9 1/2 per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rates of discount 11.0539 percent.

Weaker trend

Gold fell \$1 from its Friday close, to finish at \$247.248 in London yesterday. It opened at \$250.250, and lost ground in the afternoon on selling in New York. Trading was moderate. The Kruggerand's premium over its gold content narrowed to 4.77 per cent from 5.28 per cent

Copper market tumbles

BY JOHN EDWARDS, COMMODITIES EDITOR

COPPER PRICES tumbled again on the London Metal Exchange yesterday. Cash wirebars closed £27.5 lower at £231.5 a tonne, £88 down on a week ago. In the U.S. there was a general fall in prices, with the major producers cutting their domestic quotations by 3 cents to 52 cents a pound.

The sharp fall in the London copper market was attributed mainly to speculative selling, encouraged by news of settlement terms agreed to end the long-running strike at International Nickel's Sudbury complex, which produces the group's copper output.

London traders, however, pointed out that a settlement of the strike had been expected to some extent by the fall on Friday and said the new decline was caused mainly by selling from speculators coming into an overbought market.

Apart from the likely settlement of the Inco strike, the fundamental supply-demand situation has hardly changed during the past week's heavy price fall.

But it was noted that the three months quotation had gone through a significant change point at \$240 a tonne and has now moved back to a premium over the cash price.

Another influence behind the downturn was a smaller than expected fall in LME warehouse stocks of copper, which declined by 2,350 tonnes reducing total holdings to 231,425 tonnes. A decline of between 4,000 to 5,000 had generally been expected.

Tin stocks, down by 65, to 1,130 tonnes, also fell much less than expected. This brought the cash price down to \$27.415 a tonne, while the three months quotation was \$22.5 up at \$27.137.5 in line with the upward trend in Penang over the holiday period.

Lead stocks unexpectedly fell by 1,425 to 17,500 tonnes, enabling the market to resist the downward pressure applied by copper.

However, it was announced after the market had closed by Asarco, the U.S. producer, that it would be meeting its May lead delivery commitments despite the continuing strike of the Ozark mine.

Earlier Asarco had said it was

in a "force majeure" situation as a result of the threat to its supplies of concentrates from Ozark.

Zinc values were raised by news over the holiday that a leading European producer, Vieille Montagne, had raised its official producer price from \$800 to \$845 a tonne. So far no other producers have gone to \$845.

The rise has been expected for some weeks, but there is now some doubt as to whether the timing is right in view of the faltering in the metals "boom". Demand for zinc is said to be reasonable, but stocks are still high. LME stocks, for example, fell last week by only 675 to 71,025 tonnes—still an historically

high level.

A rise of 3,050 tonnes in aluminium stocks, raising total holdings to 17,100 tonnes, was in line with expectations and therefore had little effect on prices.

LME silver holdings fell by 280,000 to 20,390,000 ounces. But the steep rise in prices, to record levels, was attributed to the increase in gold and in U.S. markets over the holiday.

Nickel fell sharply in earlier trading declining to £2,950 at one stage in reaction to news of the tentative Inco strike settlement. But the market then rallied strongly to over £3,100 on renewed buying interest, before closing at £3,070 a tonne, £175 down on Friday's close.

Latest national estimates indicate production would rise by 2.4 per cent in 1979, but the Commission regarded these as conservative.

While production continued upwards, consumption continued to drop, and there was no longer a market at full support prices for the more than 300,000 tonnes of butter and 473,000 tonnes of skim milk powder currently in stock.

"The butter situation is going from bad to worse" he added. "Butter intervention stocks had doubled last year, and production was expected to rise again by 4 per cent this year."

Mr. Gundelach's warning came at the end of an otherwise uneventful council meeting, largely given over to discussions on the proposed Community regimes for alcohol and potatoes.

The 1979 farm price review is expected to get under way again next month. Meanwhile, Mr. Walker, the new UK Agriculture Minister, is expected to meet his EEC counterparts at an informal meeting next week at Farnham, France.

In Paris, Mr. Raymond Barre, the French Prime Minister, said France would not easily agree to the reform of the Common Agricultural Policy sought by Britain.

Speaking at a television interview, Mr. Barre said that Britain seemed to believe France was the principal beneficiary of the C.A.B.

Nickel price rise followed

AMAX confirmed yesterday it was following the nickel price rise initiated by the Le Nickel group last week. It is putting up the cost of its nickel briquettes, with immediate effect, from \$2.50 to \$2.85 a lb. Corrugates are increased to \$2.82 a lb, and ASP nickel to \$2.75.

Other nickel producers have not yet made up their minds, however. Spokesmen for both Falconbridge and Western Mining said their companies were still studying the situation.

They are believed to be waiting to see the view taken by International Nickel, the world's biggest producer, after the tentative settlement of the eight-month old strike at its Sudbury complex.

pre-July export target of 6m bags is to be reached, this would mean the sale of at least 1.5m bags from its stocks.

Brazil effectively withdrew from the market between October and February by setting her prices at uncompetitive levels compared to other producers. This was to allow Central American countries then selling their 1979 crops to sell out by the time Brazil came onto the market. It is claimed.

Registered exports for April and May total some 1.2m bags, indicating the country's return to exporting. Explaining the recent export price rises by the IBC, Sr. Funes said that the contribution quota (export tax) which was included for both years was 14.5m bags, thus passing last year's share of 12.6m. If the Institute's

estimate for this year's crop of 20m bags, an amount which, according to Sr. Aires Funes of the Sao Paulo brokers, Penfield Commodities, will "maintain the state of things" in terms of the country's avowed coffee policy.

Meanwhile, it seems most likely that the IBC, in order to maintain price levels, will sell part of its stock, fulfilling export requirements in the period before the new crop comes on to the market. These stocks presently stand at 8.9m bags, and Sr. Funes estimated that the Institute would sell as much as 2m to exporters before July, the system proposed being by auction on the Sao Paulo commodities market.

Brazil's domestic consumption this year will be 7m bags and estimated for exports 14.5m bags, thus passing last year's share of 12.6m. If the Institute's

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Dairy glut almost out of control

By Margaret Van Hattem in Brussels

RUNAWAY dairy surpluses, the EEC's biggest agricultural problem, appear to be almost out of control. Mr. Franz Gundelach, EEC Farm Commissioner, yesterday warned Farm Ministers meeting here that even if prices are frozen at this price review, the cost of supporting the dairy sector will rise by 17 per cent—more than \$475m—in the next year.

The Commissioner said while milk yields continued to rise, herds were also expanding. Last year, which saw a 5 per cent increase in milk deliveries, had been considered exceptional. But, despite the poor weather in the first three months of this year, milk deliveries were already up 2.8 per cent on last year.

Latest national estimates indicate production would rise by 2.4 per cent in 1979, but the Commission regarded these as conservative.

While production continued upwards, consumption continued to drop, and there was no longer a market at full support prices for the more than 300,000 tonnes of butter and 473,000 tonnes of skim milk powder currently in stock.

"The butter situation is going from bad to worse" he added. "Butter intervention stocks had doubled last year, and production was expected to rise again by 4 per cent this year."

Mr. Gundelach's warning came at the end of an otherwise uneventful council meeting, largely given over to discussions on the proposed Community regimes for alcohol and potatoes.

The 1979 farm price review is expected to get under way again next month. Meanwhile, Mr. Walker, the new UK Agriculture Minister, is expected to meet his EEC counterparts at an informal meeting next week at Farnham, France.

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World Cereals

BY OUR COMMODITIES STAFF

WORLD OUTPUT of coarse grains for animal feeding will fall below last year's record 740m tonnes in the 1978-80 season, the U.S. Department of Agriculture reports in its latest crop summary. And since global production of meat, milk and eggs is still rising, carry-over stocks may be reduced and prices will almost certainly increase.

The forecast is, however, based on only sketchy information, since much of the world's coarse grain acreage remains to be planted and final yields will depend greatly on the weather.

Last month a survey of U.S. farmers showed they intended planting about 118.5m acres with feed grains, about 3 per cent less than last year, and the lowest since 1972.

In general there is plenty of moisture in most places to get the crops off to a good start, but in some areas there is still too much. Wet soil had held up field work and early plantings in many regions, the USDA said.

"If Corn Belt plantings are unusually delayed, farmers might alter their early plans and increase plantings of grains with shorter growing seasons, such as soybeans," the department added.

The USDA added that corn prices to the farmer, which averaged \$2.24 a bushel in April compared with \$1.97 last year, are likely to increase further this summer, at least until new crop prospects begin to take shape.

The amount of grain fed to U.S. livestock and poultry in the current season is expected to increase about 10 per cent from last year and even with strong exports, the record crop will result in carry over stocks into the 1979-80 season of 53.9m tonnes, the largest in 14 years.

Consumption of concentrate feeds this season is expected to increase about 8 per cent to 169m tonnes, with most of the rise attributed to the expansion in pork and poultry production, the USDA said.

It noted there were fewer cattle being fattened, but slaughter weights were running between 30 and 40 pounds heavier this year.

In Washington, Mr. Richard Bell, vice-president of Riceland Foods, said U.S. maize use could reach 4.6bn bushels and exports could total 2.4bn bushels in 1979-80 if the administration adopted a more aggressive export policy.

Mr. Bell, former assistant agriculture secretary, said exports would include 700m bushels to the EEC, 175m to other West European nations, 400m to the USSR, 350m to Japan and 200m to China.

India is adopting a "cautious" approach towards the export of food grains because it is trying to stimulate domestic consumption to improve nutritional levels, Agriculture Minister Surjit Singh Barnala said in New Delhi.

He told Parliament India had "some surplus" at the current level of consumption but the question of attempting to develop markets for exports would arise only when surpluses were sizeable and stabilised, Reuters reported.

China would benefit if it decided to participate in a new international grain reserve programme, according to a study published in Washington.

Mr. A. Doak Barnett, China expert at the Brookings Institution, said a pressing need exists for a new world food reserve system of internationally managed grain stocks to ensure adequate supplies in bad crop years and to reduce price fluctuations.

He said China had sought to solve its grain supply problems independently by building its own stocks and by making long-term agreements with major foreign suppliers.

Bilateral agreements were not likely to be an adequate substitute for a broader world system, Mr. Barnett said.

China's non-participation in any new system could create problems for China itself as well as for other nations.

"If the Chinese experienced serious grain shortages at a time of world shortages, they might not be able to obtain the supplies they needed or their sudden entry into the world market might have disruptive effects on the system," he added.

Swedish paper production can be increased by 50 per cent by the end of the 1980s, mainly by converting to paper more of the pulp produced by its domestic mills. But to avoid reprisals from the EEC countries, the introduction of new paper products onto the West European market must be made gradually.

Already the pulp and paper mills, which have been raising output in response to greater demand, face a shortage of wood

in the late summer and autumn as a result of forest owners' reluctance to fell trees.

At the same time wood prices must remain low if the Swedish industry is to retain its ability to compete with foreign producers. The situation calls for a combination of tax relief incentives and possibly the imposition of levies on forest owners who do not cut timber, the report suggests.

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Fall in feed grain output forecast

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The USDA added that corn prices to the farmer, which averaged \$2.24 a bushel in April compared with \$1.97 last year, are likely to increase further this summer, at least until new crop prospects begin to take shape.

The amount of grain fed to U.S. livestock and poultry in the current season is expected to increase about 10 per cent from last year and even with strong exports, the record crop will result in carry over stocks into the 1979-80 season of 53.9m tonnes, the largest in 14 years.

Consumption of concentrate feeds this season is expected to increase about 8 per cent to 169m tonnes, with most of the rise attributed to the expansion in pork and poultry production, the USDA said.

It noted there were fewer cattle being fattened, but slaughter weights were running between 30 and 40 pounds heavier this year.

In Washington, Mr. Richard Bell, vice-president of Riceland Foods, said U.S. maize use could reach 4.6bn bushels and exports could total 2.4bn bushels in 1979-80 if the administration adopted a more aggressive export policy.

Mr. Bell, former assistant agriculture secretary, said exports would include 700m bushels to the EEC, 175m to other West European nations, 400m to the USSR, 350m to Japan and 200m to China.

India is adopting a "cautious" approach towards the export of food grains because it is trying to stimulate domestic consumption to improve nutritional levels, Agriculture Minister Surjit Singh Barnala said in New Delhi.

He told Parliament India had "some surplus" at the current level of consumption but the question of attempting to develop markets for exports would arise only when surpluses were sizeable and stabilised, Reuters reported.

China would benefit if it decided to participate in a new international grain reserve programme, according to a study published in Washington.

Mr. A. Doak Barnett, China expert at the Brookings Institution, said a pressing need exists for a new world food reserve system of internationally managed grain stocks to ensure adequate supplies in bad crop years and to reduce price fluctuations.

He said China had sought to solve its grain supply problems independently by building its own stocks and by making long-term agreements with major foreign suppliers.

Bilateral agreements were not likely to be an adequate substitute for a broader world system, Mr. Barnett said.

China's non-participation in any new system could create problems for China itself as well as for other nations.

"If the Chinese experienced serious grain shortages at a time of world shortages, they might not be able to obtain the supplies they needed or their sudden entry into the world market might have disruptive effects on the system," he added.

Swedish paper production can be increased by 50 per cent by the end of the 1980s, mainly by converting to paper more of the pulp produced by its domestic mills. But to avoid reprisals from the EEC countries, the introduction of new paper products onto the West European market must be made gradually.

Already the pulp and paper mills, which have been raising output in response to greater demand, face a shortage of wood

in the late summer and autumn as a result of forest owners' reluctance to fell trees.

At the same time wood prices must remain low if the Swedish industry is to retain its ability to compete with foreign producers. The situation calls for a combination of tax relief incentives and possibly the imposition of levies on forest owners who do not cut timber, the report suggests.

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'Rubber needs new emphasis'

KUALA LUMPUR—Malaysia may lose its dominant position in the world rubber industry if the decline of its rubber acreage is not halted, Mr. Brian Stewart of the Malaysian Rubber Growers' Association said here.

Changes in government policy were needed to end the downward trend and the industry was hoping for Government decisions to give rubber production a new impetus, he added.

Unless steps were taken, the crisis for rubber would be difficult to reverse and short-term commercial factors would favour other plantation crops such as oil palm and cocoa, he told a seminar.

Rubber accounted for 35 per cent of Malaysian exports in 1965 but fell to 22 per cent in 1977.

Acreage under rubber fell to 1,200 acres last year from 4,35m in 1977.

The world bank has predicted that total demand for elastomers will increase to 24m tonnes annually by 1990 from 13m last year.

Reuter

Firm line by Brazil on coffee

BY RIK TURNER IN SAO PAULO

BRAZIL IS taking a firmer line on its coffee export prices since the new government, and particularly the new president of the Brazilian Coffee Institute (IBC), Octavio Figueiredo, took office in March. This line can be seen in the Institute's surprise raising of the minimum registry price for post-June exports of green coffee at the end of April, and in its decision not to reintroduce discounts to importers.

Furthermore, Brazil has successfully defended this new policy in talks with other producing countries at the international coffee organisation meeting in London.

In the state of Minas Gerais and Espírito Santo the harvest has already begun, but the full crop for 1979 will only be gathered in June and July. The estimate for this year's crop of

20m bags, an amount which, according to Sr. Aires Funes of the Sao Paulo brokers, Penfield Commodities, will "maintain the state of things" in terms of the country's avowed coffee policy.

Meanwhile, it seems most likely that the IBC, in order to maintain price levels, will sell part of its stock, fulfilling export requirements in the period before the new crop comes on to the market. These stocks presently stand at 8.9m bags, and Sr. Funes estimated that the Institute would sell as much as 2m to exporters before July, the system proposed being by auction on the Sao Paulo commodities market.

Brazil's domestic consumption this year will be 7m bags and estimated for exports 14.5m bags, thus passing last year's share of 12.6m. If the Institute's

estimate for this year's crop of 20m bags, an amount which, according to Sr. Aires Funes of the Sao Paulo brokers, Penfield Commodities, will "maintain the state of things" in terms of the country's avowed coffee policy.

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Companies and Markets

LONDON STOCK EXCHANGE

Gilts and equities react as buying interest fades after inflationary pointers—Index down 9.5 at 549.1

Account Dealing Options

*First Declara- Last Account
Dealing Options Day
Apr. 23 May 3 May 4 May 15
May 17 May 18 May 20
May 21 May 31 June 1 June 12

The promise of a strong start to the new trading account implicit in last Friday's late burst of strength was unfulfilled yesterday. Early trade was done at levels slightly higher than those prices at Friday's close, but buying at leading shares, and British Funds soon turned buyers failed to make their presence felt.

Confidence at this stage was undermined by the downturn in sterling on the foreign exchanges which underlined widespread comment on the immediate problems facing the new Tory Government, and potential buyers were tending to think

more about the likely contents of next week's Queen's Speech and the coming Budget. Caution was thus the keynote throughout the morning and early afternoon, and buyers became even more reluctant after the announcement of the whole-sale price indices with their showing of a sharp upturn in the rate of price inflation. British Funds turned down to end with losses to 1.1, and the FT Industrial Ordinary share index, 1.7 up at 11.1, closed at the day's lowest of 549.1, which represents a fall of 9.5 from last Friday's record high; six of the index constituents yesterday went ex-dividend which accounted for over 3 points of the index fall. Many second-line issues retained good gains, mostly reflecting small speculative support.

Unsettled by the reaction in sterling and the rise in the whole-sale price indices, British Funds took a distinct turn for the worse. Buyers were content to await to-

day's bank lending figures and, with short-dated stocks encountering some fairly persistent selling pressure began to wilt and ended the day with losses ranging to 1. Sporadic selling also left its mark on the longer falls extended to 1.5 and sometimes more. The Government Securities index lost 0.54 to 75.37.

Continuing hopes of a fresh initiative from the new Conservative administration on the Rhodesian situation took Southern Rhodesian bonds to higher levels, a 6 per cent 1981 stock rising 8 more to 111.

A falling market of late on the TSE feared that the Tory administration will either relax or abolish exchange controls, the financial investment which firms moved into higher ground yesterday and, after moving between extremes of 58 and 55 per cent, closed 14 points up at 561 per cent. Yesterday's SE conversion factor was 0.7959 (0.8000).

An encouraging annual results much in line with expectations, Marks and Spencer contributed 319 contracts to a Traded options total of 1,639.

In recent issues, further demand was forthcoming for John Baker (Insurance) which firm added 8 more to 88p compared with the placing price of 115p; the shares are dealt in under rule 163 (2).

Merchant banks continued to draw strength from recent Press comment and closed firmer throughout. Hambro's touched 330p before closing 7 at 320p, while Hill Samuel Warrants jumped 150 to 875p, after an initial mark-up. After an initial mark-up, the major clearing banks encountered sporadic profit-taking and closed at the day's lowest with falls ranging to 10. Midland finished that much off at 440p, after 452p, as did NatWest at 322p, after 406p.

Hopes of a fall in interest rates buoyed Kingsway's dividend financial added 8 to 114p.

In irregular Insurance, London United Investments rose 11 to 185p.

Good early support for Breweries fell away to leave the leaders generally unmoved on the day, but secondary issues tended to remain early gains. Davenport's added 3 to 132p in front of tomorrow's annual results. Gough Brothers put on 3 to 87p, after 89p, on renewed hopes that Whitbread will expand its off-licence.

Firmer at the outset, leading Building issues subsequently succumbed to profit-taking and closed without much change on balance, but annual profits below market expectations left Coastal 10 off at 216p and the Deferred 8 down at 164p.

Weekend Press comment highlighting bid possibilities stimulated interest in Sharpe and Vischer which put on 10 to 83p and renewed buying lifted Aberthaw Cement 14 to 126p. Heywood Williams found support at 89p, up 4, as did A. Monk which added 5 to 8p.

ICI drifted progressively lower from the outset and settled at 405p for a net loss of 9. Among other chemicals, Algate rose with a jump of 38 to 360p, after 355p, on hopes of a renewal of support from either FMC Corporation or Merck Incorporated pending the outcome of the Monopolies Commission investigation.

Press forecasts of an increase in consumer spending before and after the forthcoming Budget attracted buyers to the Stores sector and an active trade ensued. A fair amount of interest also developed for Marks and Spencer.

After the forthcoming Budget, the former improved to a 1979 peak of 134p on the highly satisfactory results but then succumbed to profit-taking and closed a net 2 off at 128p, while the latter fell 12 to 176p on annual profits which were deemed to be disappointing. Gussies A rose 6 to 44p, after 43p, and British Home gained 7 to 278p.

News of a major fire at one of its stores in Manchester unsettled the shares of the European Perries 834p. Investment recommendations led Harris Queensway 13 to the good at 270p and Hardy and Company (Furnishers) 8 up at 100p. J. Hephworth appreciated 4 to 36p, after 180p, following the increased first-half earnings, while improvements of between 11 and 17 were recorded in Time Products, J. Beattie A, 189p, and Bamber, 287p. Hiltons Footwear featured shoes with a rise to 137p on further consideration of the group's dividend potential.

Demand in the Electrical sector was concentrated mainly on some of the recent high-fliers. Gains of around 20 were recorded in Electrolux, 488p, Eurotherm, 370p, and United Scientific, 285p. M&K Electric were supported and put on 8 to 280p, while buying was also in progress for Pico "A", which rose 6 to 99p. Among the leaders, EMI encountered fresh selling following last week's warning of a second-half loss and eased fresh to close 4 cheaper at 104p. GEC formed to 45p initially, but reacted on sporadic selling to close 7 down on balance at 443p.

Interest in the Engineering sector centred chiefly on secondary issues where selective support prompted some useful gains. Press comment stimulated demand for Ash and Lacy, 7 to

the good at 200p. Yarrow advanced 12 to 425p and rises of around 7 were marked against Birmingham Mint, 150p, Ransomes Sims, 100p, and Hall Engineering 158p. In contrast, disappointment with the results left Avers 14 cheaper at 240p, while the sharp fall in annual profits prompted a reaction of 8 to 61p in British Northrop. General Engineering (Radcliffe) fell 5 to 9p, following news of the agreed bid from Senior A improving 6 and 8 respectively to the common price of 144p.

Price of Wales Hotels touched 118p following the improved annual profits before closing unchanged on balance at 112p.

Lesney disappoints

Secondary issues provided the main focal point among miscellaneous industrials. Lesney Products stood out with a fall of 12 to 64p following the poor preliminary results, while Hawkins and Tipson lost 9 to 63p on the sharp contraction in first-half earnings. European Perries improved to 183p on the results but fell on profit-taking to finish a net penny down at 175p. Conformation of a subsidiary's £1.03m loss clipped 2 from Fairbairn Lawson at 36p. Buying in a thin market kept European Perries steady at 15 more to 37p, while improvements of 18 and 24 respectively were recorded in Sharma Ware, 180p, and Beaton Clark, 256p. Bid speculation left Chubb 8 to the good at 176p, while B&B and Teleconic fired up to 151p and Scottish Heritable gained 6 to 67p, after 66p. Up to 5 firmer at the outset, the leaders turned easier on profit-taking and the advance of fresh support to close mixed.

Barr and Wallace A firm 8 to 183p in response to the satisfactory annual results.

Motor Distributors recorded useful rises in an active business, but closed slightly below the day's best. Tate of Leeds featured spiriting 12 to 133p, after 135p, following favourable comment, while Hager added 4 for a third day rise of 15 at 50p. F. G. Gates advanced a couple of pence to 78p ahead of Friday's preliminary statement.

Jefferson Smurfit fell 11 to 176p following the announcement of a £11.6m rights issue and disappointing annual results. In sharp contrast, More O'Farrell jumped 11 to 153p, after 156p, on the increased dividend and full-year profits coupled with a proposed 1-for-3 scrip issue.

Satchell and Satchell, a firm market recently, put on 5 to 222p on the acquisition of O'Keeffe Brindley, an Irish advertising agency. Newspaper leaders, Associated 53p, and News International, 38p improving 5 and 7 respectively, while International Thomson put on 3 to 424p on the annual results.

While leading Properties retreated from a firm opening to end with small losses on balance, certain secondary issues retained initial gains. Responding to the higher annual profits and proposed on-for-five scrip issue, Brixton Estate firmed 5 to 162p and anticipating today's interim results, London and Provincial Shop advanced 12 to 274p. Early demand lifted Daejan 11 to 168p and Clarke Nickolls 5 to 110p. Town and City attracted a brisk trade and touched 21p before settling at 21p for a net gain of 1.

Occasional selling and lack of support led to a reaction in the Oil leaders. British Petroleum closed around the day's lowest price of 14 to 1216p, but Shell ended a few pence off the bottom with a loss of 4 at 800p, after 788p. Secondary issues, were featured by Ultramar, up 12 at 300p in response to Press mention.

Weekend Press comment prompted increased interest in certain Shipping issues with P & O Deferred improving 11 to 54p and Furness Withy adding 21 to 293p, up, after 295p. Xd. Hunting Gibson firmed 14 to 189p for a like reason. Plantation, an African South African Industrial, OK Bazar improved 25 to 400p on the annual results.

The long-awaited merger between the Barlow group of companies first announced last September is finally going ahead, on the news, Sunge added 18 to 120p, but Bradwall, 88p, and Chersonese, 60p, eased 6 apiece and Muzar River held at 80p. News of a similar arrangement between Sekong Rubber and Majedie left the former 4 points up at 51p.

Among Plantations, Guthrie attracted a good level of trade, and rose 13 to 588p.

Golds advance

Sustained American buying over the UK holiday period pushed the gold price up to 340. South African Golds in London yesterday.

After being marked up sharply at the outset prices responded to London and Johannesburg buying interest and moved further ahead until the late afternoon when profit-taking in the bullion price saw prices ease fractionally from their best levels.

FINANCIAL TIMES STOCK INDICES									
	May 8	May 9	May 10	May 11	May 12	May 13	May 14	May 15	Year ago
Government Secs.	75.37	75.91	75.35	75.58	75.08	75.24	75.13	75.13	75.13
Fixed Interest	77.84	77.76	77.75	77.75	77.75	77.75	77.75	77.75	77.75
Industrial	158.8	158.8	158.8	158.8	158.8	158.8	158.8	158.8	158.8
Gold Mines Ex-Sm.	120.9	121.5	121.0	121.2	121.1	121.1	121.1	121.1	121.1
Ord. Div. Yield	5.89	5.81	5.81	5.81	5.81	5.81	5.81	5.81	5.81
Earnings, Yld. % (Full)	14.15	13.92	14.08	14.08	14.08	14.08	14.08	14.08	14.08
P/E Ratio (net) %	9.08	9.12	9.12	9.12	9.12	9.12	9.12	9.12	9.12
Debt/Equity Ratio	7.042	7.255	7.110	7.037	7.037	7.037	7.037	7.037	7.037
Equity turnover %	188.87	140.05	115.41	135.54	104.79	111.14	111.14	111.14	111.14
Equity bargains total	30,313	25,544	24,508	24,588	22,749	22,749	22,749	22,749	22,749

HIGHS AND LOWS									
	1979	Since Compil.	Low	High	Low	High	Low	High	Year ago
Govt. Secs.	75.91	64.64	127.4	49.18	127.4	49.18	127.4	49.18	127.4
Fixed Int.	77.76	66.05	150.4	50.53	150.4	50.53	150.4	50.53	150.4
Ind. Ord.	158.8	146.1	249.4	49.4	249.4	49.4	249.4	49.4	249.4
Gold Mines	120.9	129.9	44.5	43.5	44.5	43.5	44.5	43.5	44.5
Ord. Div. Yld.	5.89	5.81	5.81	5.81	5.81	5.81	5.81	5.81	5.81
Earnings, Yld. %	14.15	13.92	14.08	14.08	14.08	14.08	14.08	14.08	14.08
P/E Ratio	9.08	9.12	9.12	9.12	9.12	9.12	9.12	9.12	9.12
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NEW HIGHS AND LOWS FOR 1979									
	1979	Since Compil.	Low	High	Low	High	Low	High	Year ago
Govt. Secs.	75.91	64.64	127.4	49.18	127.4	49.18	127.4	49.18	127.4
Fixed Int.	77.76	66.05	150.4	50.53	150.4	50.53	150.4	50.53	150.4
Ind. Ord.	158.8	146.1	249.4	49.4	249.4	49.4	249.4	49.4	249.4
Gold Mines	120.9	129.9	44.5	43.5	44.5	43.5	44.5	43.5	44.5
Ord. Div. Yld.	5.89	5.81	5.81	5.81	5.81	5.81	5.81	5.81	5.81
Earnings, Yld. %	14.15	13.92	14.08	14.08	14.08	14.08	14.08	14.08	14.08
P/E Ratio	9.08	9.12	9.12	9.12	9.12	9.12	9.12	9.12	9.12
Debt/Equity Ratio	7.042	7.255	7.110	7.037	7.037	7.037	7.037	7.037	7.037
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Equity bargains total	30,313	25,544	24,508	24,588	22,749	22,749	22,749	22,749	22,749

LONDON TRADED OPTIONS									
	July			Oct.			Jan.		
Option	Ex-Trade price	Closing offer	Vol.	Closing offer	Vol.	Closing offer	Vol.	Equity value	
BP	1000	286	8	296	—	—	—	1517p	
BP	1100	192	5	192	—	286	—	"	
BP	1150	148	5	170	9	—	—	"	
BP	1200	104	5	92	10	188	—	"	
BP	1250	60	5	92	7	20	16	188p	
BP	1300	16	5	22	29	—	—	"	
BP	1350	—	—	51	30	60	—	258p	
BP	1400	22	5	33	—	46	—	"	
BP	1450	240	24	19	33	21	—	"	
BP	1500	260	14	16	36	18	—	"	
BP	1550	104	16	36	16	18	—	118p	
BP	1600	110	11	56	24	17	—	"	
BP	1650	—	—	—	—	—	—	"	
BP	1700	—	—	—	—	—	—	"	
BP	1750	—	—	—	—	—	—	"	
BP	1800	—	—	—	—	—	—	"	
BP	1850	—	—	—	—	—	—	"	
BP	1900	—	—	—	—	—	—	"	
BP	1950	—	—	—	—	—	—	"	
BP	2000	—	—	—	—	—	—	"	
BP	2050	—	—	—	—	—	—	"	
BP	2100	—	—	—	—	—	—	"	
BP	2150	—	—	—	—	—	—	"	
BP	2200	—	—	—	—	—	—	"	
BP	2250	—	—	—	—	—	—	"	
BP	2300	—	—	—	—	—	—	"	
BP	2350	—	—	—	—	—	—	"	
BP	2400	—	—	—	—	—	—	"	
BP	2450	—	—	—	—	—	—	"	
BP	2500	—	—	—	—	—	—	"	
BP	2550	—	—	—	—	—	—	"	
BP	2600	—	—	—	—	—	—	"	
BP	2650	—	—	—	—	—	—	"	
BP	2700	—	—	—	—	—	—	"	
BP	2750	—	—	—	—	—	—	"	
BP	2800	—	—	—	—	—	—	"	
BP	2850	—	—	—	—	—	—	"	
BP	2900	—	—	—	—	—	—	"	
BP	2950	—	—	—	—	—	—	"	
BP	3000	—	—	—	—	—	—	"	
BP	3050	—	—	—	—	—	—	"	
BP	3100	—	—	—	—	—	—	"	
BP	3150	—	—	—	—	—	—	"	
BP	3200	—	—	—	—	—	—	"	
BP	3250	—	—	—	—	—	—	"	
BP	3300	—	—	—	—	—	—	"	
BP	3350	—	—	—	—	—	—	"	
BP	3400	—	—	—	—	—	—	"	
BP	3450	—	—	—	—	—	—	"	
BP	3500	—	—	—	—	—	—	"	
BP	3550	—	—	—	—	—	—	"	
BP	3600	—	—	—	—	—	—	"	
BP	3650	—	—	—	—	—	—	"	
BP	3700	—	—	—	—	—	—	"	
BP	3750	—	—	—	—	—	—	"	
BP	3800	—	—	—	—	—	—	"	
BP	3850	—	—	—	—	—	—	"	
BP	3900	—	—	—	—	—	—	"	
BP	3950	—	—	—	—	—	—	"	
BP	4000	—	—	—	—	—	—	"	
BP	4050	—	—	—	—	—	—	"	
BP	4100	—	—	—	—	—	—	"	
BP	4150	—	—	—	—	—	—	"	
BP	4200	—	—	—	—	—	—	"	
BP	4250	—	—	—	—	—	—	"	
BP	4300	—	—	—	—	—	—	"	
BP	4350	—	—	—	—	—	—	"	
BP	4400	—	—	—	—	—	—	"	
BP	4450	—	—	—	—	—	—	"	
BP	4500	—	—	—	—	—	—	"	
BP	4550	—	—	—	—	—	—	"	
BP	4600	—	—	—	—	—	—	"	
BP	4650	—	—	—	—	—	—	"	
BP	4700	—	—	—	—	—	—	"	
BP	4750	—	—	—	—	—	—	"	
BP	4800	—	—	—	—	—	—	"	
BP	4850	—	—	—	—	—	—	"	
BP	4900	—	—	—	—	—	—	"	
BP	4950	—	—	—	—	—	—	"	
BP	5000	—	—	—	—	—	—	"	
BP	5050	—	—	—	—	—	—	"	
BP	5100	—	—	—	—	—	—	"	
BP	5150	—	—	—	—	—	—	"	
BP	5200	—	—	—	—	—	—	"	
BP	5250	—	—	—	—	—	—	"	
BP	5300	—	—	—	—	—	—	"	
BP	5350	—	—	—	—	—	—	"	
BP	5400	—	—	—	—	—	—	"	
BP	5450	—	—	—	—	—	—	"	
BP	5500	—	—	—	—	—	—	"	
BP	5550	—	—	—	—	—	—	"	
BP	5600	—	—	—	—	—	—	"	
BP	5650	—	—	—	—	—	—	"	
BP	5700	—	—	—	—	—	—	"	
BP	5750	—	—	—	—	—	—	"	
BP	5800	—	—	—	—	—	—	"	
BP	5850	—	—	—	—	—	—	"	
BP	5900	—	—	—	—	—	—	"	
BP	5950	—	—	—	—	—	—	"	
BP	6000	—	—	—	—	—	—	"	
BP	6050	—	—	—	—	—	—	"	
BP	6100	—	—	—	—	—	—	"	
BP	6150	—	—	—	—	—	—	"	
BP	6200	—	—	—	—	—	—	"	
BP	6250	—	—	—	—	—	—	"	
BP	6300	—	—	—	—	—	—	"	
BP	6350	—	—	—	—	—	—	"	
BP	6400	—	—	—	—	—	—	"	
BP	6450	—	—	—	—	—	—	"	
BP	6500	—	—	—	—	—	—	"	
BP	6550	—	—	—	—	—	—	"	
BP	6600	—	—	—	—	—	—	"	
BP	6650	—	—	—	—	—	—	"	
BP	6700	—	—	—	—	—	—	"	
BP	6750	—	—	—	—	—	—	"	
BP	6800	—	—	—	—	—	—	"	
BP	6850	—	—	—	—	—	—	"	
BP	6900	—	—	—	—	—	—	"	
BP	6950	—	—	—	—	—	—	"	
BP	7000	—	—	—	—	—	—	"	
BP	7050	—	—	—	—	—	—	"	
BP	7100	—	—	—	—	—	—	"	
BP	7150	—	—	—	—	—	—	"	
BP	7200	—	—	—	—	—	—	"	
BP	7250	—	—	—	—	—	—	"	
BP	7300	—	—	—	—	—	—	"	
BP	7350	—	—	—	—	—	—	"	
BP	7400	—	—	—	—	—	—	"	
BP	7450	—	—	—	—	—	—	"	
BP	7500	—	—	—	—	—	—	"	
BP	7550	—	—	—	—	—	—	"	
BP	7600	—	—	—	—	—	—	"	
BP	7650	—	—	—	—	—	—	"	
BP	7700	—	—	—	—	—	—	"	
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BP	7850	—	—	—	—	—	—	"	
BP	7900	—	—	—	—	—	—	"	
BP	7950	—	—	—	—	—	—	"	
BP	8000	—	—	—	—	—	—	"	
BP	8050	—	—	—	—	—	—	"	
BP	8100	—	—	—	—	—	—	"	
BP	8150	—	—	—	—	—	—	"	
BP	8200	—	—	—	—	—	—	"	
BP	8250	—	—	—	—	—	—	"	
BP	8300	—	—	—	—	—	—	"	
BP	8350	—	—	—	—	—	—	"	
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BP	8900	—	—	—	—	—	—	"	
BP	8950	—	—	—	—	—	—	"	
BP	9000	—	—	—	—	—	—	"	
BP	9050	—	—	—	—	—	—	"	
BP	9100	—	—	—	—	—	—	"	
BP	9150	—	—	—	—	—	—	"	
BP	9200	—	—	—	—	—	—	"	
BP	9250	—	—	—	—	—	—	"	
BP	9300	—	—	—	—	—	—	"	
BP	9350	—	—	—	—	—	—	"	
BP	9400	—	—	—	—	—	—	"	
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BP	9950	—	—	—	—	—	—	"	
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BP	10050	—	—	—	—	—	—	"	
BP	10100	—	—	—	—	—	—	"	
BP	10150	—	—	—	—	—	—	"	
BP	10200	—	—	—	—	—	—	"	
BP	10250	—	—	—	—	—	—	"	
BP	10300	—	—	—	—	—	—	"	
BP	10350	—	—	—	—	—	—	"	
BP	10400	—	—	—	—	—	—	"	
BP	10450	—	—	—	—	—	—	"	
BP	10500	—	—	—	—	—	—	"	
BP	10550	—	—	—	—	—	—	"	
BP	10600	—	—	—	—	—	—	"	
BP	10650	—	—	—	—	—	—	"	
BP	10700	—	—	—	—	—	—	"	
BP	10750	—	—	—	—	—	—	"	
BP	10800	—	—	—	—	—	—	"	
BP	10850	—	—	—	—	—	—	"	
BP	10900	—	—	—	—	—	—	"	
BP	10950	—	—	—	—	—	—	"	
BP	11000	—	—	—	—	—	—	"	
BP	11050	—	—	—	—	—	—	"	
BP	11100	—	—	—	—	—	—	"	
BP	11150	—	—	—					

OFFSHORE AND OVERSEAS FUNDS

[illegible]

OBJECTION TO HONGKONG AND SHANGHAI BANK BID

Siebert to explain hitch

BY STEWART FLEMING IN NEW YORK

THE RESERVATIONS of Miss Marie Siebert, the New York State banking superintendent, are expected to emerge later this week as the main obstacle to the Hongkong and Shanghai Banking Corporation's acquisition of 51 per cent control of Marine Midland Bank, the 13th largest U.S. banking company.

Also approved National Westminster Bank's Acquisition of National Bank of North America and Standard Chartered group's purchase of Union Bank of California.

explain her specific objections to the Hongkong bank. But it remains unclear whether she will formally announce a decision to refuse the bank permission to vote the equity it acquires.

approved proposals to permit Morgan Guaranty Trust to expand into upstate New York, only for the Fed to withhold permission.



Sir Derek Rayner

Thatcher calls in Rayner of M & S

By Richard Evans, Lobby Editor

SIR DEREK RAYNER, joint managing director of Marks and Spencer, has been recruited by the Prime Minister to advise Whitehall departments on efficiency and the elimination of waste.

He will work from the cabinet office and will report directly to Mrs. Thatcher. The post is part-time and unpaid.

The substantial reduction of wasteful procedures in the government machine as well as a reduction in civil service manpower was a key element in the Conservatives' election platform. The intention is to cut waste substantially to help pay for the proposed cuts in direct taxation.

Sir Derek's role will be to give advice on increasing efficiency and improved management techniques to departments seeking his aid.

One great advantage he will have is that he is already well-known in public service, having been recruited by Mr. Edward Heath the former Conservative PM to head the Ministry of Defence from 1970 to 1972. He was knighted by Mr. Heath in 1973.

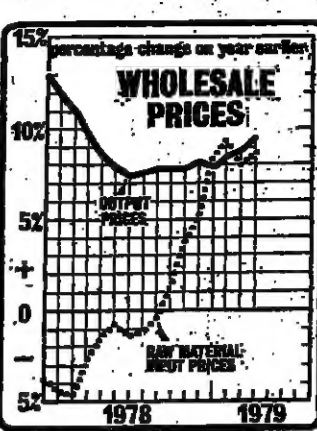
Sir Derek has served on civil service boards recently, and was deputy chairman of the Civil Service Pay Board in 1978. He joined Marks & Spencer in 1953 and became a director in 1967.

Men and Matters Page 18
Mand S Results Page 28

THE LEX COLUMN

A buoyant year for Marks

Index fell 9.5 to 549.1



The UK consumer boom has duly allowed Marks and Spencer to catch up on years of meagre profits growth. Between 1973-74 and 1977-78 the group's UK sales doubled but pre-tax profits advanced by a little under 60 per cent. Last year provided the right conditions for Marks to restore its squeezed net margin back to the 12 per cent or so where it used to be.

construction side, all parts of the business seem to have done well, especially in the Middle East where contracts have been bringing in heavy profits as they approach completion.

The difficulty now is to replace this work. Including a drop of £50m caused by the deconsolidation of a Nigerian company and the termination of a contract in Iran, orders on hand have fallen to £252m from £700m in nine months.

There should still be scope for growth elsewhere in the group, however, and Costain's cash mountain has grown big enough to tempt it into a major acquisition. Cash less overdrafts stood at around £90m, or £1.80 per share, at the end of 1978 compared with £25m a year earlier, and so far the only hint of Costain's plans has been a nibble at Capital and Counties where it now holds 7 per cent.

European Ferries

After the depressing trading news from former shipping "blue-chips" the results from European Ferries are a welcome reminder that a well-run UK shipping company can still make handsome profits.

Richard Costain

Costain's 1978 results, which show a 30 per cent increase in pre-tax profits to £46.9m, may have disappointed the optimists but still stand out as easily the best figures from the major British contractors. Apart from U.K. civil engineering and the strike-ridden Australian con-

ping companies (including P and O) if it so wished. But the problem for European Ferries is that it is not sure whether it wants to extend its shipping interests.

With the return of a Conservative Government the National Enterprise Board is fighting for its life and its 1978 annual report contains much that is designed to reassure a Tory minister: the NEB is not a source of subsidised finance, it is run on a strictly commercial basis, and it does not need any more public money—not yet, anyway.

Judged by commercial criteria, however, the results are disappointing. Return on capital employed, taking out RL and Rolls-Royce, has eased a fraction to 11.3 per cent, against a target for 1981 of 15 to 20 per cent.

The NEB particularly dreads being reduced to a rump of un-saleable and unlovable companies. It argues stoutly that its existence is justified as a buffer between companies in state ownership and the Civil Service, and as a provider of risk finance, a shareholder prepared to take the long view. Its problem now is to convince its own shareholder, the Government, that a long view is appropriate.

Lloyds Bank urged to alter vote structure

By Christine Meir

THE NATIONAL Association of Pension Funds has formed a committee to try to persuade Lloyds Bank to change its voting structure, which the group regards as unfair to larger shareholders.

Lloyds' memorandum of association provide for one vote a share up to a maximum of 500 shares. As a result the institutions, which own about 60 per cent of Lloyds' shares, control only a quarter of the votes.

Mr. Tom Hayes, deputy chairman of the Investment Protection Committee of the association, will be chairman of the new committee.

Lloyds' voting structure became an issue at the annual meeting in March, when the Post Office pension fund tried to oppose the board's plans to increase the company's authorised capital by a quarter.

Mr. Ralph Quartaro, chief executive of the Post Office fund, proposed that the increase be reduced to 15 per cent. When his amendment was put to the vote it was discovered that his fund had a maximum 500 votes.

Lloyds pointed out yesterday that the voting structure had remained unchanged since at least 1950, the last time the memorandum was amended. It may even date back to the 1920s, when it was introduced as a defence against any takeover bid.

The institutions have been reluctant for some time to allow companies greatly to increase their authorised capital because of the freedom that gives a Board to undertake rights issues or takeovers on a share basis without shareholders' approval.

In Lloyds' case they have found themselves unable to use their controlling equity holdings to curtail boardroom moves even where these require shareholder consultation.

The same difficulty confronts them in attempting to change the voting structure, which would require overwhelming shareholder acceptance. All the small shareholders would have to be enlisted in an exercise clearly designed to assist only the large ones.

Moderates gain control in engineers' union vote

By Alan Pike, Labour Correspondent

RIGHT-WING GAINS in Amalgamated Union of Engineering Workers' elections yesterday left the executive of the country's second largest union completely in moderate control for the first time in many years.

Among other advances, the Right wing took the London and South-east executive vacancy caused by the retirement next month of Mr. Reg Birch, a Maoist.

The seat has been in Left-wing hands for about 40 years. It now goes to Mr. Jack Whyman, divisional organiser based at Luton, who beat Mr. Len Chouletton, Left wing London regional officer, by 18,492 votes to 13,775.

The West Midlands and Manchester executive vacancy caused by Mr. Terry Duffy's election to the union's presidency last year was taken by Mr. Ken Cure, East Birmingham district secretary, who beat Mr. John Tocher, Left wing divi-

sional organiser in Manchester, by 24,633 votes to 21,362.

Mr. Duffy found it "very pleasing" that the union had an all-moderate executive. He attributed part of the moderates' success to the union's use of postal ballots to elect officials.

It had, he said, resulted in polls of up to about 38 per cent in the current round of elections, compared with as low as 2 per cent under the old system when elections took place at branch meetings.

The new Government is pledged to providing financial assistance for unions that wish to use postal ballots. Since the system has been operated in the AUEW, the Left has suffered severe reverses in elections for the executive and full-time officials.

It is significant that in contrast to the results declared yesterday, the elections for this year's AUEW national committee, which are not by postal

ballot, showed a swing to the Left.

One executive seat, for Wales and the West, is still vacant. Left-wingers will put all their energies into trying to gain this.

Mr. John Weakley, the Right-wing candidate, topped the poll in a first round and there will be a second ballot in the autumn. Eight candidates have been eliminated.

National pride as well as politics may affect this election. Mr. Weakley is Welsh regional officer, while most of the division's members are in England.

Mr. Bob Wright, unsuccessful Left-wing contender against Mr. Duffy for the presidency, topped the poll yesterday, in a first-round fight to keep his post as assistant general secretary. One of the Left's few other successes was in Scotland, where Mr. Jimmy Airdie, a leader of the Upper Clyde work-in, becomes assistant divisional organiser in Glasgow.

Deloitte to pay NEB £150,000

By Martin Taylor

Deloitte, Haskins and Sells, one of the world's eight largest accounting firms, is paying £150,000 to the National Enterprise Board after the discovery of alleged irregularities in the accounts of Power Dynamics, an NEB associate now in receivership.

This was announced yesterday by Sir Leslie Murphy, chairman of the NEB, which invested £180,000 in Power Dynamics early last year to enable it to

expand its manufacturing capability by moving to Bridlington, Yorkshire. Soon afterwards it was discovered that the cash requirements of the company, a manufacturer of tub-bending machinery, were much larger than forecast.

An NEB investigation discovered apparent irregularities in the 1976 and 1977 accounts of the company, which had been audited by Deloitte.

No further funds in the company which went into receivership at the end of last year. It has since taken legal advice, and Deloitte has now agreed to pay it £150,000 but is not admitting culpability.

At present the NEB is believed to be having talks with another firm of accountants concerning possible compensation for irregularities in the accounts of another company in which it has invested.

Continued from Page 1

Howe sets guidelines

implementing the Budget, during the summer.

Initial talks between Mr. James Prior, Employment Secretary, and Mr. Len Murray, general secretary of the TUC, on trade union reform are expected to start soon. They might be lengthy, involving the CBI later. References to trade union legislation in the Queen's Speech are likely to be vague.

The Labour Party's inquest into the general election defeat begins in earnest today with a meeting of the Parliamentary Labour Party at Westminster.

Mr. James Callaghan is almost certain to be re-elected leader, probably unopposed, but there might be open criticism of his decision to postpone the election date from last autumn and of his rigid 5 per cent pay norm, which antagonised the trade unions.

There is still no indication of

Mr. Callaghan's plans but the signs are that he intends to remain as party leader for the foreseeable future, to hand over to his successor at the most appropriate time.

The loss of many leading Left-wingers at the election means that the new Shadow Cabinet might be a relatively moderate body that should not pose Mr. Callaghan too much difficulty initially. The Shadow Cabinet is elected by Labour MPs rather than selected by the party leader.

Mr. Callaghan's difficulties will probably come to a head at the party conference in the autumn, when Left-wing constituencies and the National Executive Committee will mount a heavy onslaught on his moderate policies in an attempt to swing the party to the Left well before the next election.

Continued from Page 1

Apartheid

—from trades unions rights.

Mr. Chris Hennis, the Minister of Economic Affairs, last night announced government acceptance of the drift of the Rieker report. Among its major recommendations are enforcement of influx control simply on the basis of available housing and jobs; allowing wives to join their husbands if they have residence rights; allowing urban blacks freedom of movement between different urban areas; streamlining the recruitment system in the tribal homelands; and transferring the penalty for employing illegal black labour from the worker to the employer.

One important theme is that the regulation of the lives of South Africa's black population should no longer be administered separately from that of whites in common areas such as sport or labour.

Weather

UK TODAY
Cloudy with some rain in Southern England and Wales. Scattered showers elsewhere.

London, S.E., Cent. S. and S.W. England, Channel Isles
Mostly cloudy, rain in places. Max. 11C (53F).

E. Anglia, Midlands, S. Wales
Rain in places. Brighter later. Max. 9C (48F).

E. Anglia, Cent. N. and N.E. England
Isolated showers. Sunny spells. Max. 9C (48F).

N. Wales, N.W. England, Isle of Man
Scattered showers, wintry over high ground. Sunny intervals. Max. 8C (46F).

Scotland and N. Ireland
Scattered showers, some heavy and wintry. Max. 8C (46F).

● Outlook: Mostly dry with sunny spells.

WORLDWIDE			
	Y'day	Today	Y'day
	°C	°C	°C
Algeria	17	18	17
Alexis	20	21	20
Amman	14	15	14
Baghdad	28	29	28
Bahrain	28	29	28
Bombay	28	29	28
Buenos Aires	18	19	18
Calcutta	28	29	28
Cairo	28	29	28
Cebu	28	29	28
Colon	28	29	28
Hankow	28	29	28
Hong Kong	28	29	28
Kobe	18	19	18
London	11	12	11
Lyons	11	12	11
Manila	28	29	28
Medan	28	29	28
Moscow	18	19	18
Mumbai	28	29	28
Nairobi	28	29	28
Paris	11	12	11
Rangoon	28	29	28
Seoul	18	19	18
Singapore	28	29	28
Sourabaya	28	29	28
Taipei	28	29	28
Tokyo	18	19	18
Yokohama	18	19	18

Urenco wins £400m contracts

By David Fishlock, Science Editor, in Hamburg

CONTRACTS worth nearly £400m for the enrichment of uranium by the gas centrifuge process were announced in Hamburg last night by Urenco, the Anglo-German-Dutch enrichment company.

Urenco executives said contracts had been signed for about 4,000 tonnes of enrichment with the Central Electricity Generating Board (CEGB) in Britain and for 3,200 tonnes with three West German electricity

priced at about \$100 (£48) per kg. All are for reactors already operating or under construction.

The German orders are contracts originally placed with the U.S. government under flexible terms which have permitted them to be transferred to Urenco without penalty.

This is expected to include the opening of a third Urenco enrichment plant at Gronau in North-West Germany, where a factory for assembling gas centrifuges is already under construction.

The British contract confirms a letter of intent issued in 1974, and is for deliveries starting in 1983-84 for Britain's advanced gas-cooled reactors.

Urenco has always stressed that it will expand its enrichment capacity only to meet firm orders, and not in order to stockpile enrichment.

The latest contracts have been secured at a time of fierce competition between the four commercial enrichment suppliers, the U.S. Department of Energy, Techmabexport of the USSR, Eurodif in France, and Urenco.

Britain's first-generation nuclear power stations are producing electricity at costs substantially lower than coal or oil stations, a CEGB member told the conference.

Mr. Denis Lomer was discussing the question: "Why should a utility in a country rich in

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